



Rhode Island Small Employer Health Benefits Survey, 2020

Prepared for the Rhode Island Foundation

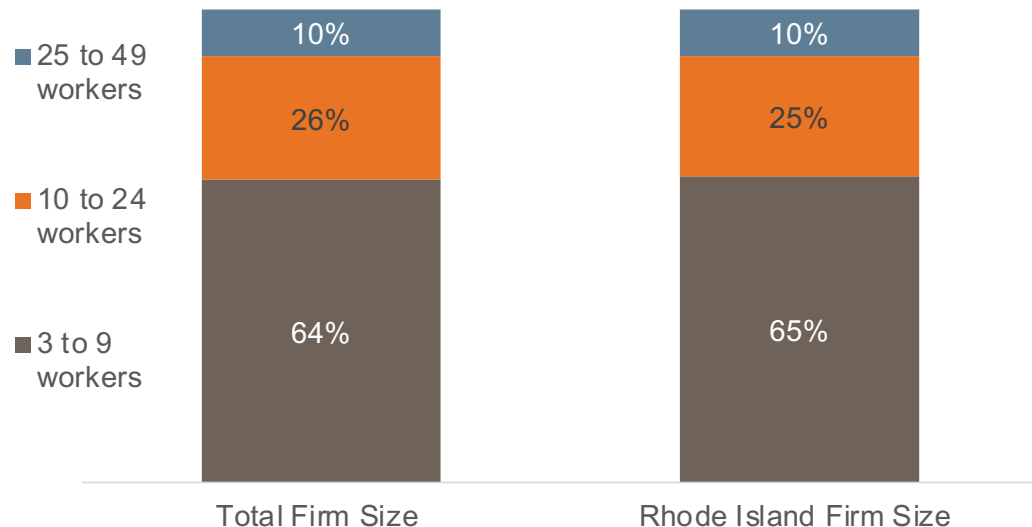
June 30, 2020

Rhode Island Small Employer Health Benefits Survey Methods

- The Rhode Island Small Employer Health Benefits Survey was a web-based survey fielded from January 28, 2020 through March 20, 2020.
- Small Employers are classified as a firm with three to 49 total workers. Any firms with at least 3 employees in Rhode Island were included in the sample.
- A total of 371 small firms completed the survey, representing over 11,000 small firms in the state.
- For the analysis, the following weights were calculated:
 - Firm weight
 - Employee weight
 - Eligibility weight
 - Coverage weight
- Where presented, *total firm size* is based on the total number of employees, while *Rhode Island firm size* is based on the number of employees in Rhode Island only.

Rhode Island Small Employer Characteristics, 2020

Distribution of small firms by total firm size and Rhode Island firm size



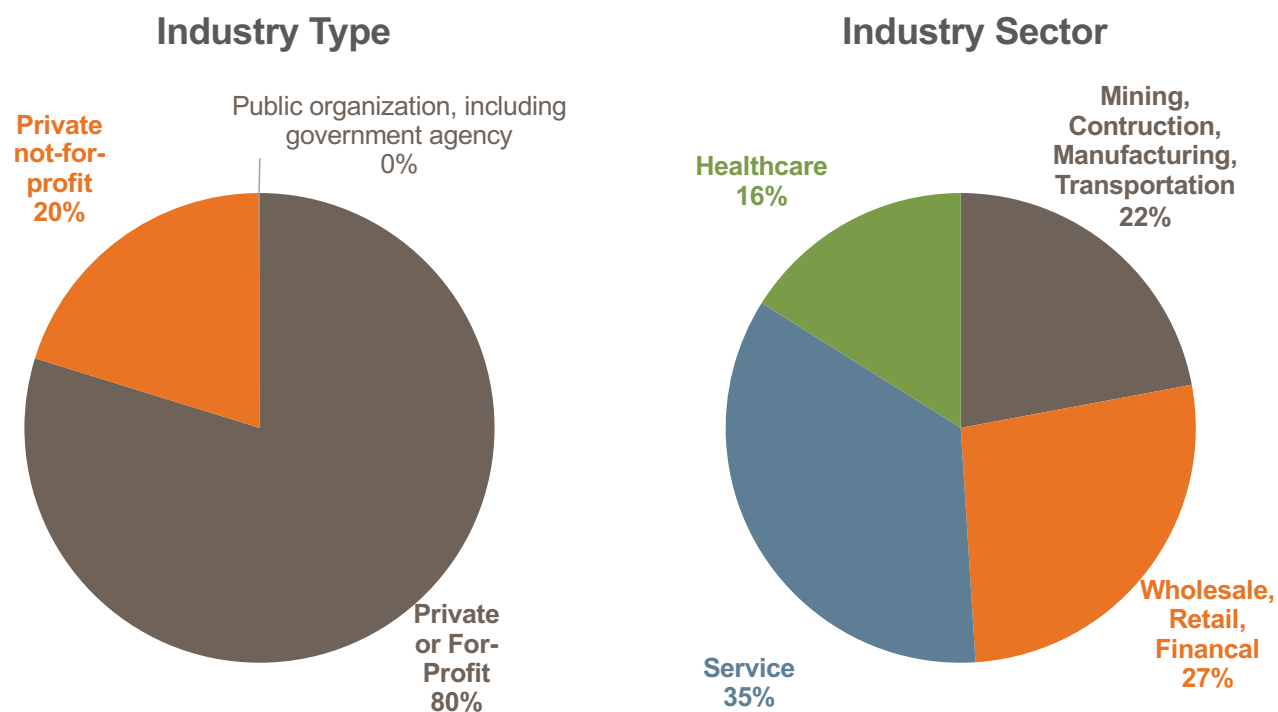
Findings

- Approximately 2/3 of small RI employers have between 3-9 employees, while another 25% have between 10-24.
- This is true regardless of whether firm size is based on all employees, or just those based in Rhode Island.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Rhode Island Small Employer Characteristics, 2020, Cont.

Distribution of small firms by Industry Type and Sector



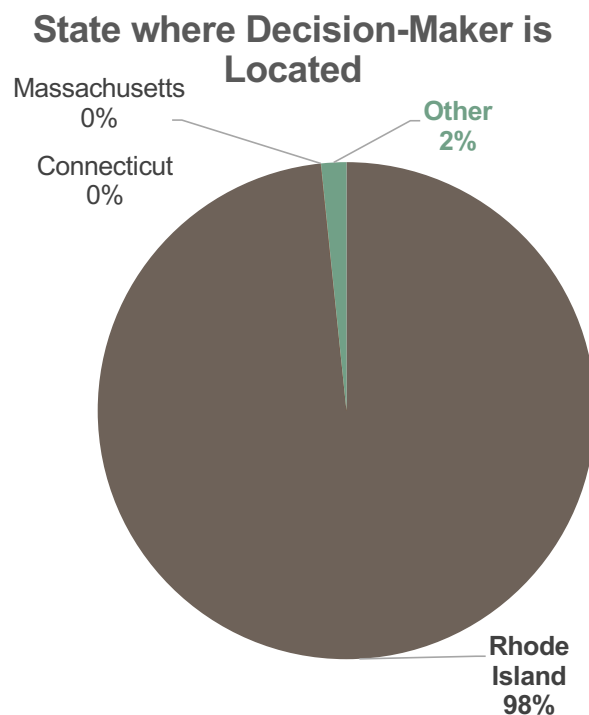
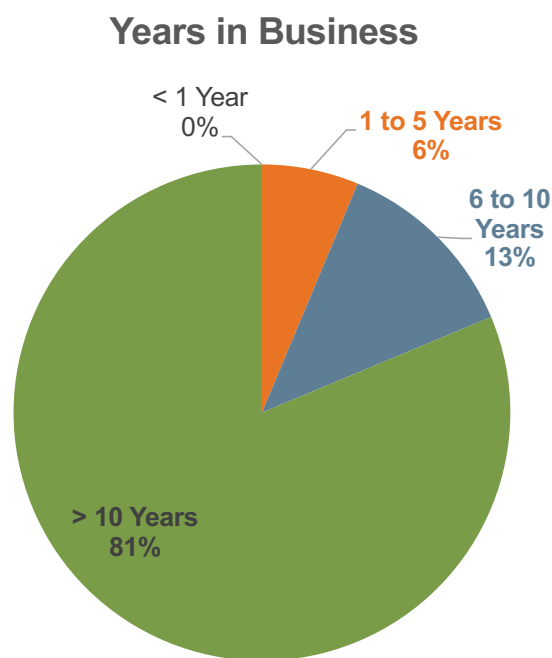
Findings

- Eighty percent of small firms are private or for-profit entities.
- Thirty-five percent are in the service industry, and 27% in the wholesale, retail, or financial industries.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Rhode Island Small Employer Characteristics, 2020, Cont.

Distribution of small firms by number of years in business and state where health care decision-maker is located



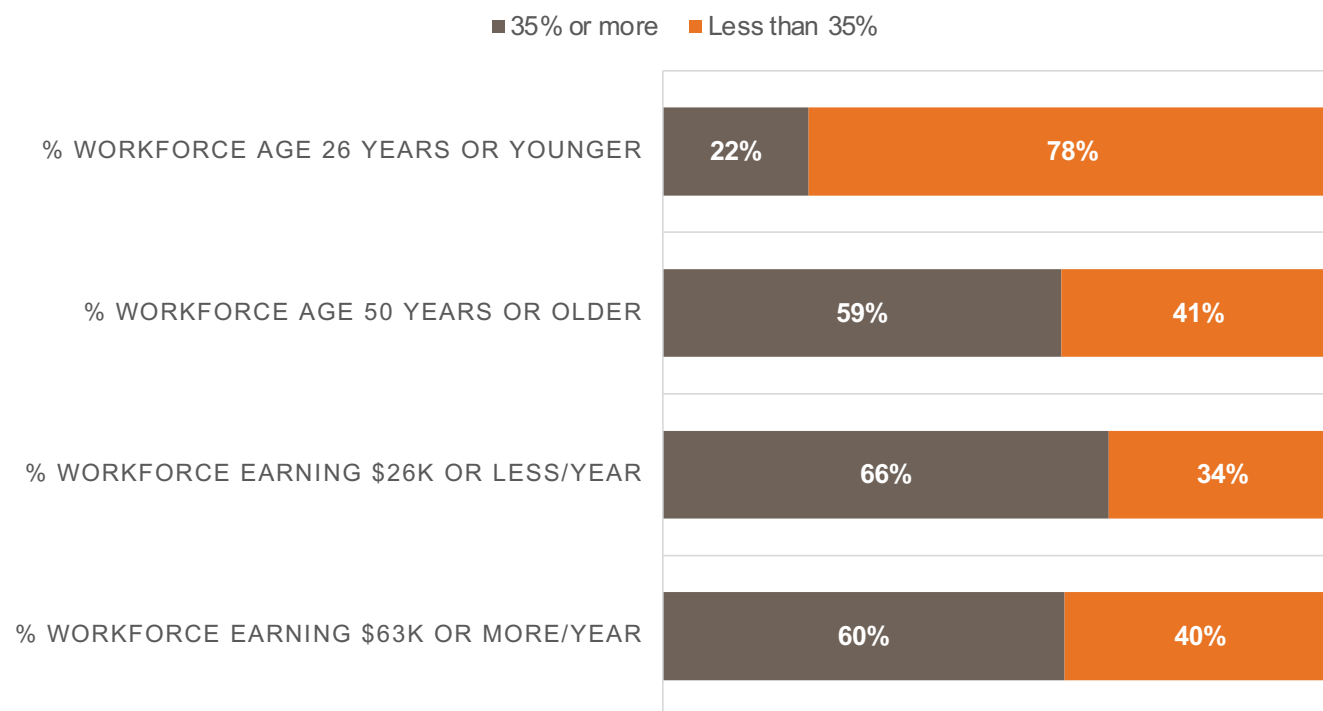
Findings

- Virtually all small employers had their health benefits decision-makers based in Rhode Island, at 98%.
- Eighty-one percent of small firms have been in business for more than 10 years.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Rhode Island Small Employer Characteristics, 2020, Cont.

Distribution of small firms by worker age and salary level



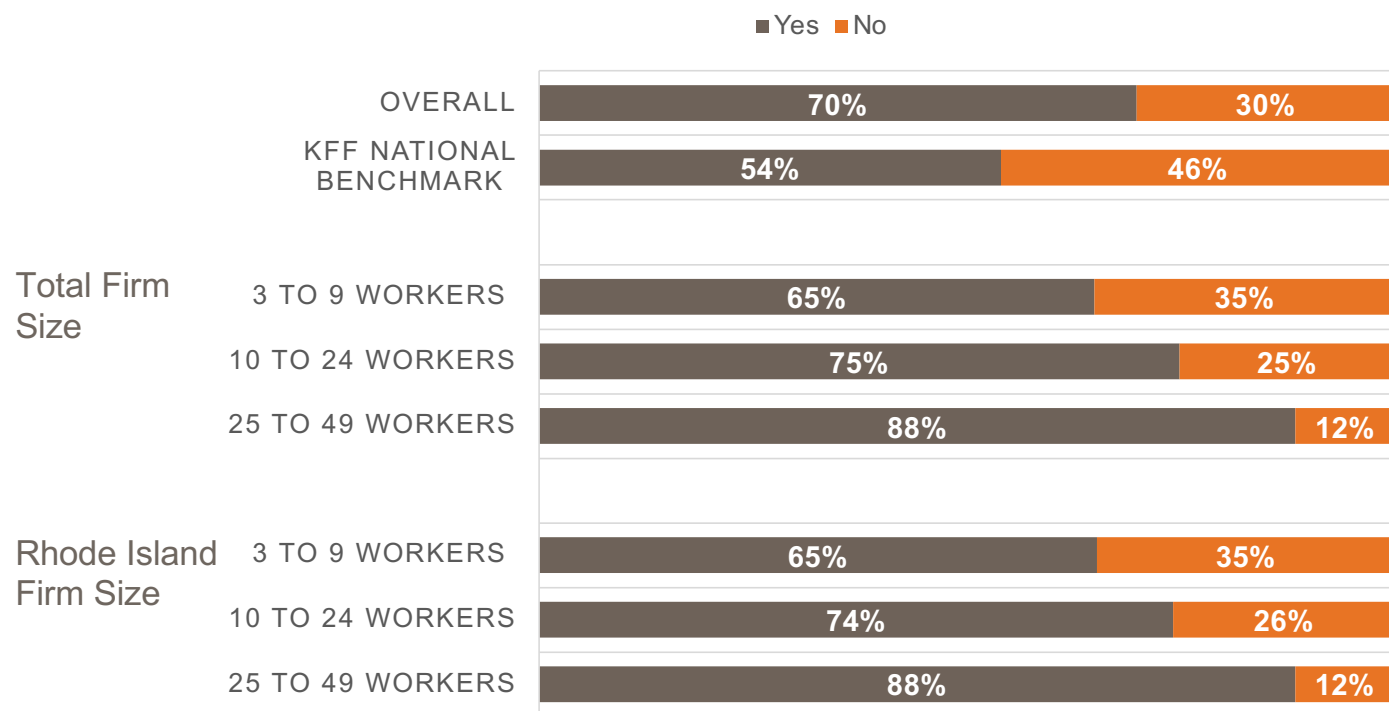
Findings

- Small firms are more likely (59%) to have a larger share of workers age 50 or older, than a larger share of younger workers (26 or younger), at 22%.
- Two thirds of small firms have a large share of lower wage workers earning \$26,000 or less per year.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Health Insurance Offer Rate Among Small Firms, 2020

Percentage of Small Firms Offering Health Benefits, by Firm Size



Findings

- Seventy percent of small employers offer health benefits to at least some of their workers.
- The offer rates increases by firm size, with 65% of firms with 3-9 workers offering health benefits, versus 88% for the larger firms.

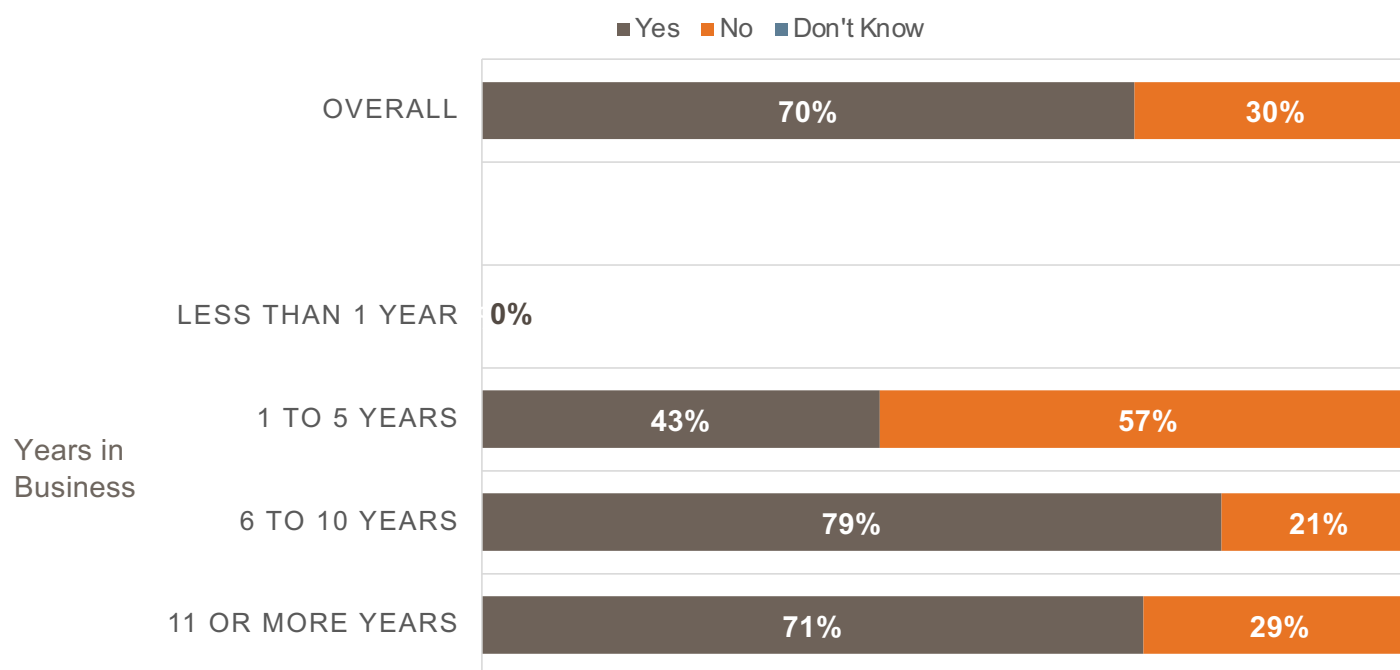
Sources: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

KFF National Benchmark data are for small firms sized 3 – 49 workers, retrieved from Kaiser Family Foundation

2019 Employer Health Benefits Survey: <http://files.kff.org/attachment/Report-Employer-Health-Benefits-Annual-Survey-2019>.

Health Insurance Offer Rate Among Small Firms, 2020, Cont.

Percentage of Small Firms Offering Health Benefits, by Various Firm Characteristics



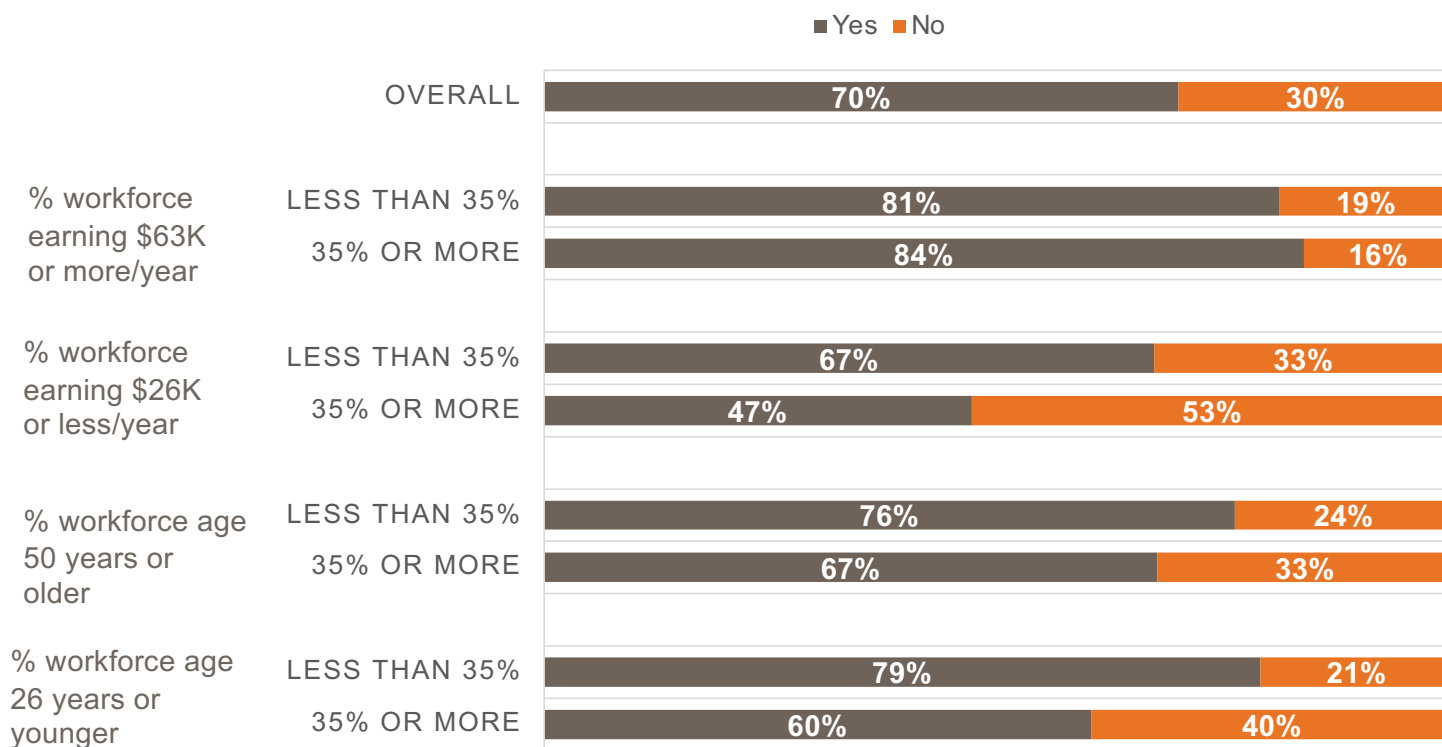
Findings

- Firms are more likely to offer health insurance the longer they have been in business.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Health Insurance Offer Rate Among Small Firms, 2020, Cont.

Percentage of Small Firms Offering Health Benefits, by Employee Wage Level and Age Distributions



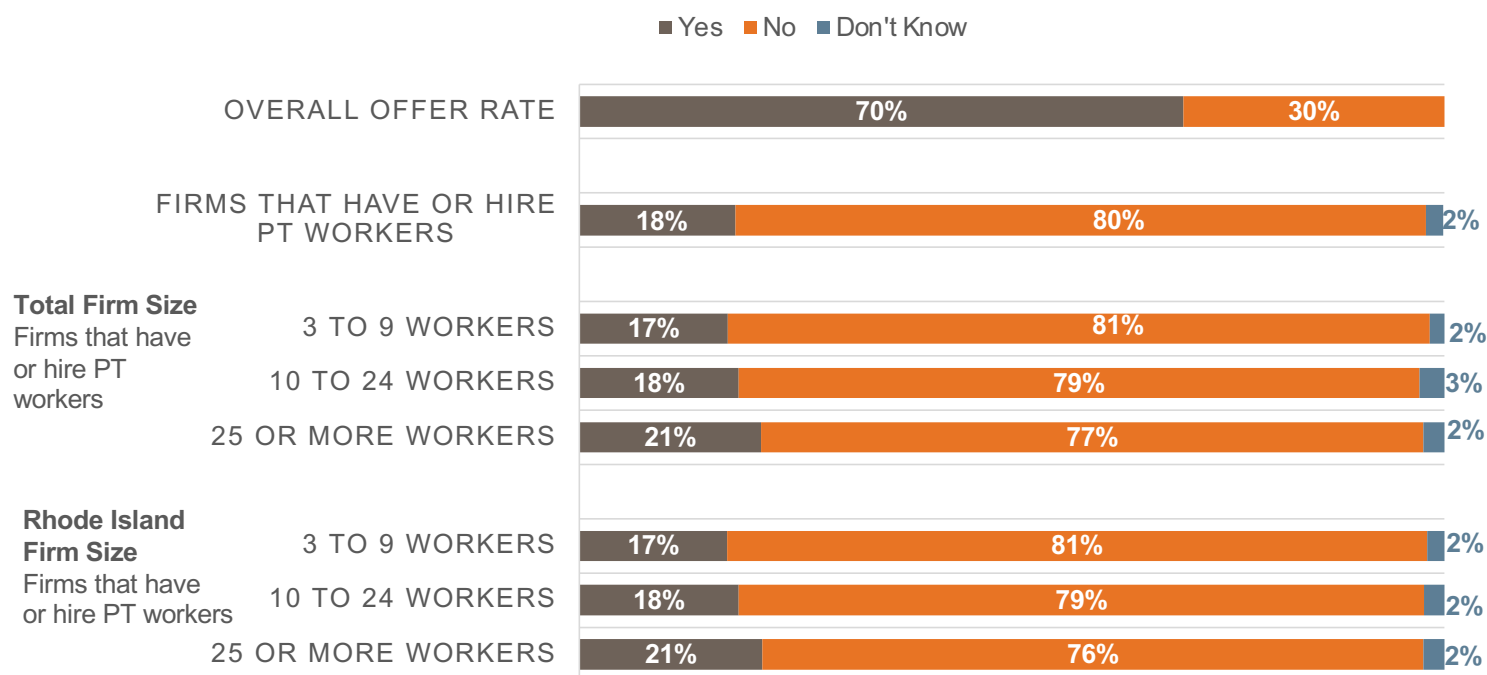
Findings

- Firms with a higher share of lower wage workers are less likely to offer health benefits (47%) than firms with a smaller share of lower wage workers (67%).
- Firms with a higher share of young workers age 26 or younger also are less likely to offer health benefits, at 60%, compared with 79% for firms with fewer young workers.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Health Insurance Offer Rate Among Small Firms, 2020, Cont.

Percentage of Small Firms Offering Health Benefits to PT Workers



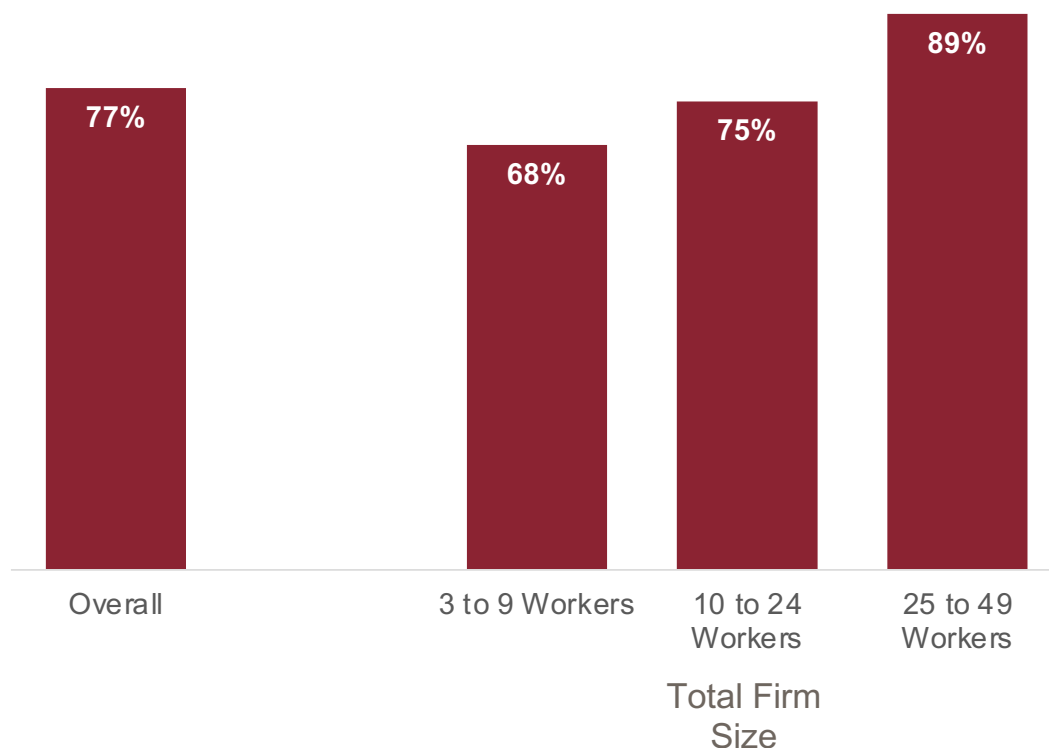
Findings

- Among small firms that have or hire part time workers, 18% offer these workers health benefits.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Workers in Firms Offering Health Insurance, by Firm Size, 2020

Percentage of workers in firms that offer coverage to some or all employees, by total firm size



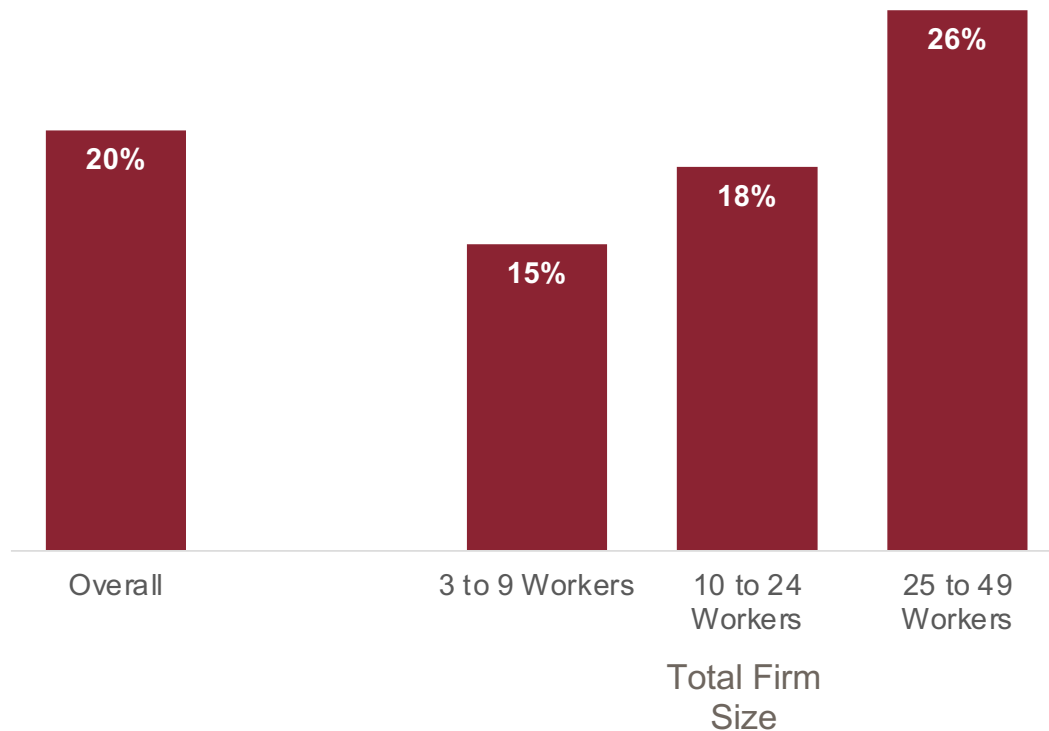
Findings

- Seventy-seven percent of workers are employed by small firms that offer health benefits to at least some workers. The prevalence increases along with firm size.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Workers in Firms Offering Part-time Workers Health Insurance, by Firm Size, 2020

Among firms that have or hire PT workers, percentage of workers in firms that offer coverage to some or all PT employees, by total firm size



Findings

- Among small firms that have or hire PT workers, 20% of workers are employed in firms that offer health benefits to some or all part-time workers.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Most Important Reason Why Firm Does Not Offer Health Insurance, by Firm Size, 2020

Reasons Why Small Firms Do not Offer Health Benefits, by Firm Size

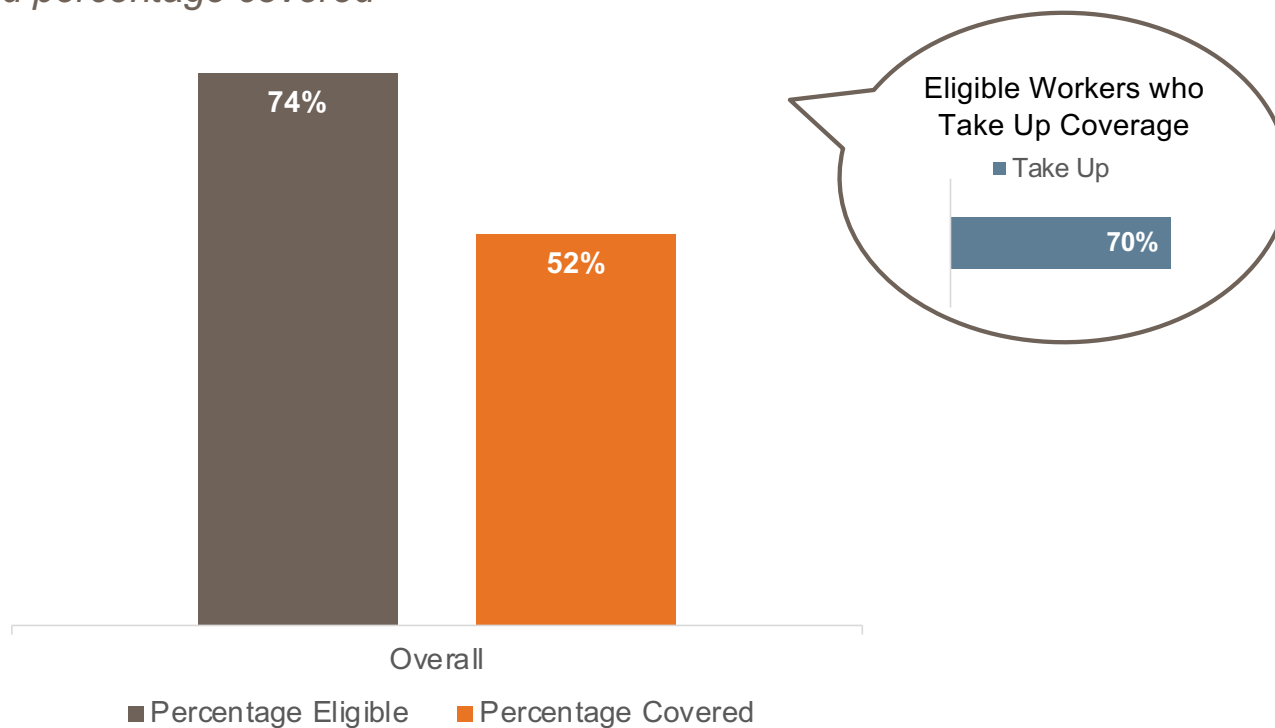
	Overall	Total Firm Size			Rhode Island Firm Size		
		3 to 9 Workers	10 to 24 Workers	25 to 49 Workers	3 to 9 Workers	10 to 24 Workers	25 to 49 Workers
Cost of insurance too high	33%	26%	54%	54%	26%	54%	54%
Firm is too small	18%	22%	4%	8%	22%	4%	8%
Employees generally covered under another plan, incl. coverage on spouse's plan	32%	38%	19%	0%	38%	19%	0%
Employees will get better deal on health insurance exchanges	3%	2%	6%	15%	2%	6%	15%
Employee turnover too great	1%	1%	0%	0%	1%	0%	0%
No Interest/employees don't want it	1%	0%	5%	0%	0%	5%	0%
Most employees part-time or temporary workers	9%	11%	6%	0%	11%	6%	0%
Other	2%	0%	6%	23%	0%	6%	23%

Findings

- Firms are more likely to cite “the cost of health insurance is too high” and “employees are covered under another plan” as the most important reasons for not offering health insurance.

Employee Eligibility, Coverage, and Take-up of Health Insurance, 2020

Among firms that offer, percentage of all employees eligible for health insurance, the share who take up coverage, and percentage covered



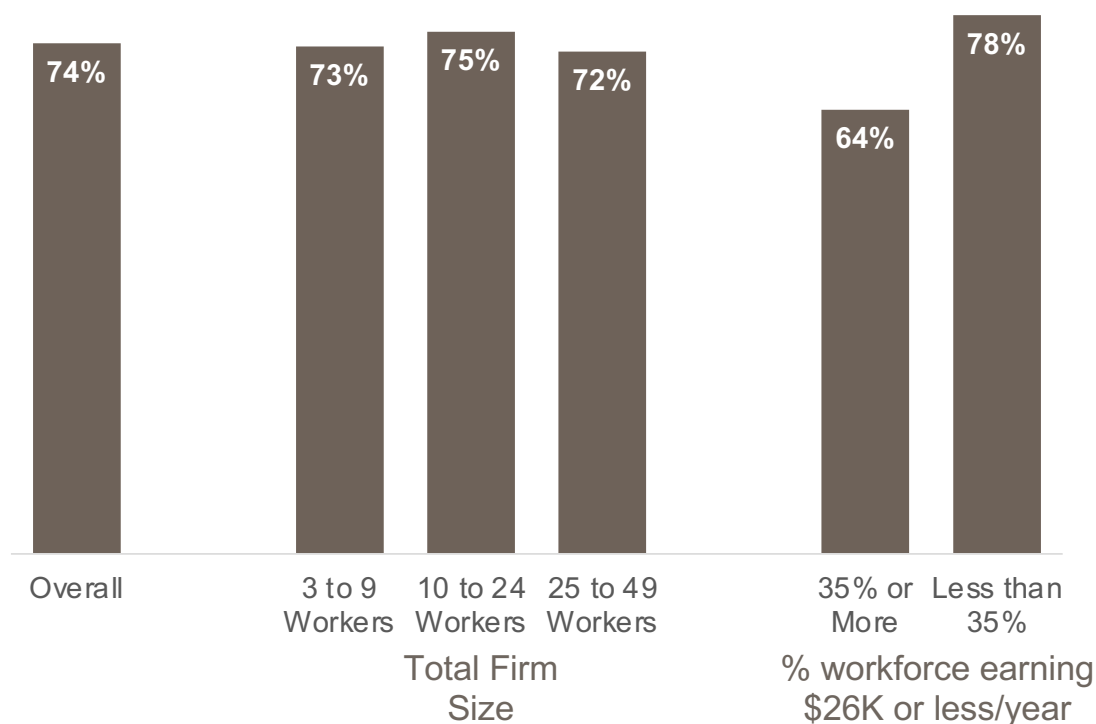
Findings

- Seventy-four percent of workers at small firms are eligible for health benefits. Seventy percent accept the offer of coverage, resulting in a coverage rate of 52%.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Employee Eligibility for Health Insurance, by Firm Characteristics, 2020

Among firms that offer coverage, percentage of workers eligible for coverage, by total firm size and share of lower wage workers



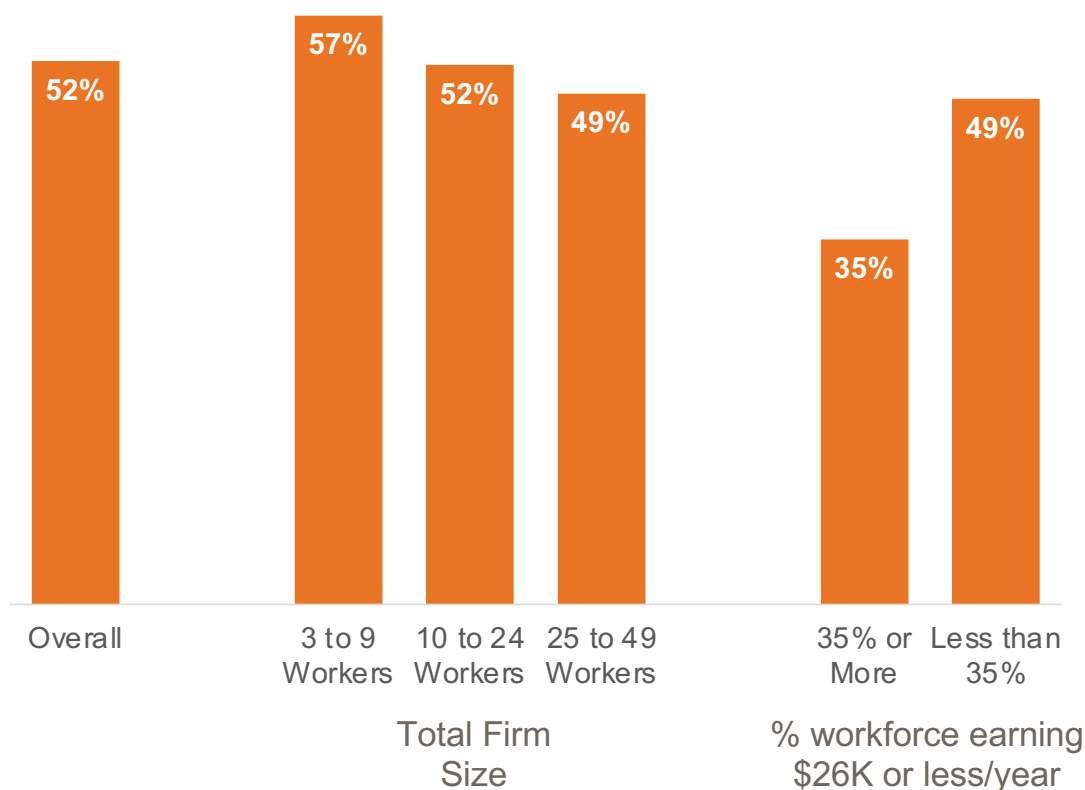
Findings

- Eligibility is similar regardless of firm size, but does vary by the share of lower wage workers.
- 64% of workers in firms with a larger share of lower wage workers are eligible for coverage, versus 78% at firms with a smaller share.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Employees Covered by Health Insurance, by Firm Characteristics, 2020

Percentage of employees covered, by total firm size and share of lower wage workers



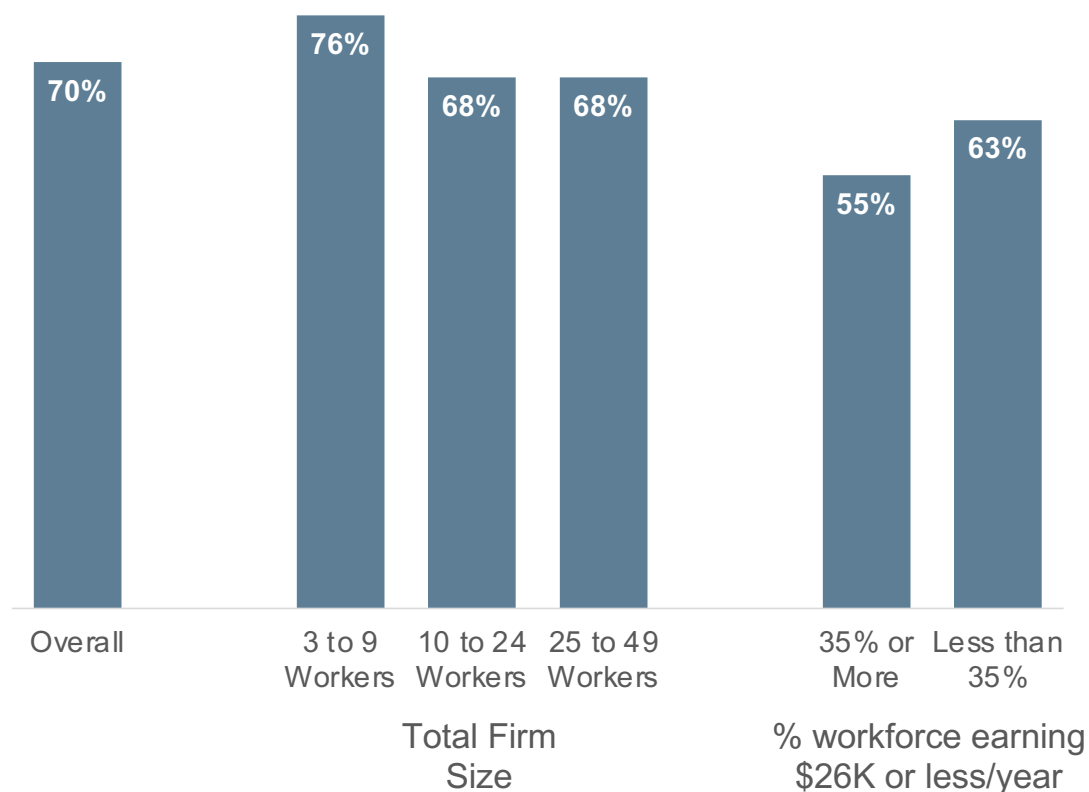
Findings

- Just 35% of workers in small firms with a higher share of lower wage workers are covered by health insurance, compared with 49% at firms with a smaller share.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Employee Take-up of Health Insurance, by Firm Characteristics, 2020

Percentage of workers that take-up coverage, by total firm size and share of lower wage workers



Findings

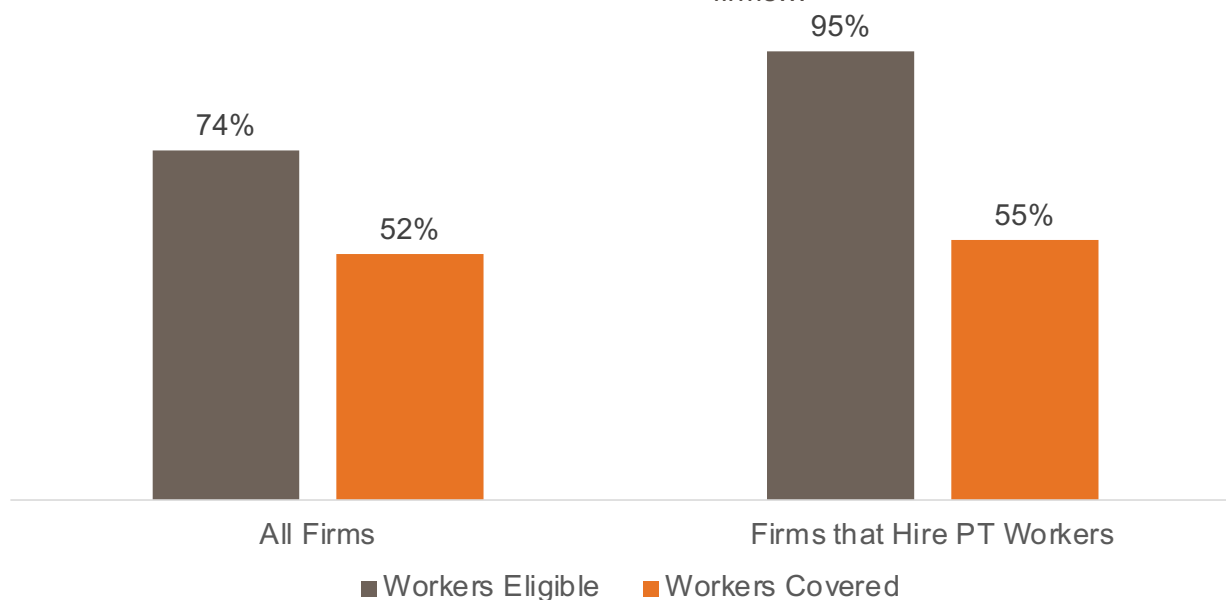
- The take-up rate is similar across firm sizes, slightly higher in the smallest firms.
- Workers in firms with many lower wage employees are less likely to take up the offer of coverage than those in firms with fewer lower wage workers.

Eligibility and Coverage in Small Firms that Offer Health Benefits to Part-time (PT) Workers, 2020

Percentage of small firms with PT workers that offer them health insurance, and among these firms, percentage of PT workers eligible for and covered by health benefits.

70% of all small firms offer health insurance to workers. Among those firms...

18% of small firms that have or hire PT workers offer health insurance to PT workers. Among those firms...



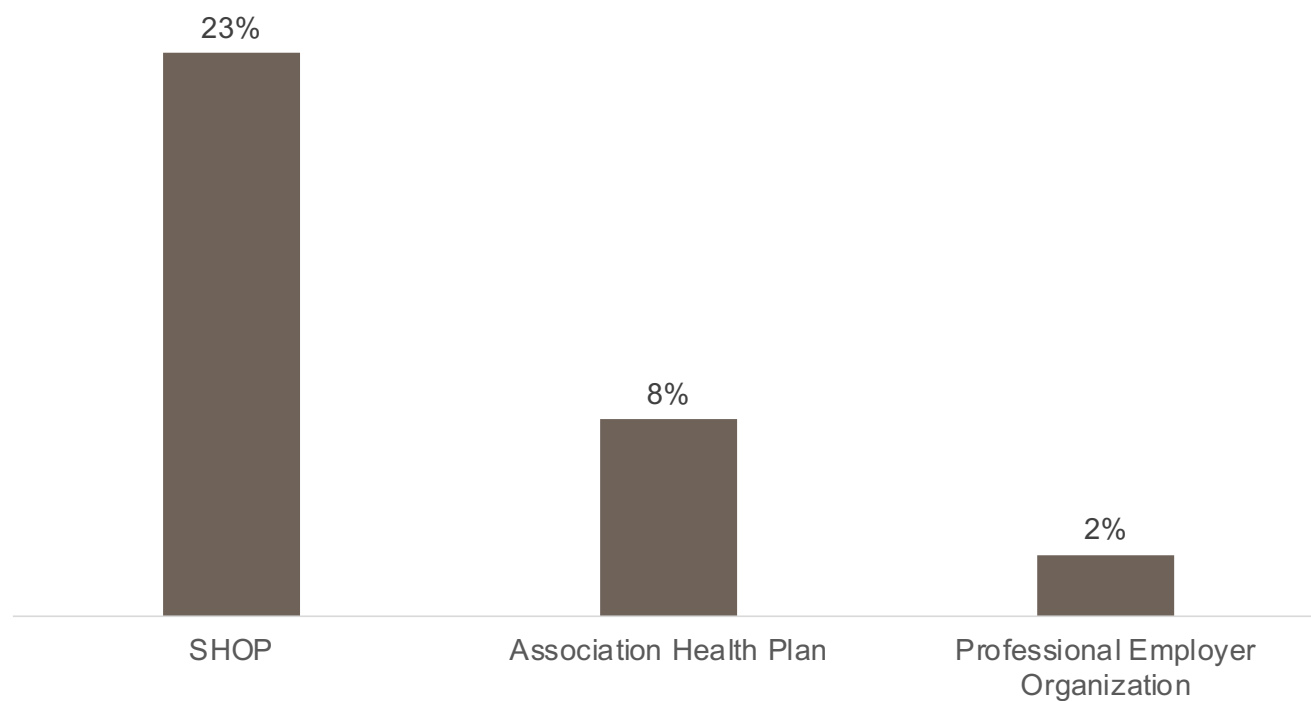
Findings

- Just 18% of small firms that have or hire part time workers offer health benefits to these employees.
- Among those firms that do offer them coverage, 95% of those PT workers are eligible, and 55% are covered.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

SHOP, Association Health Plan, and Professional Employer Organization Use, 2020

Percentage of small firms offering health benefits through SHOP, association health plan, or a professional employer organization



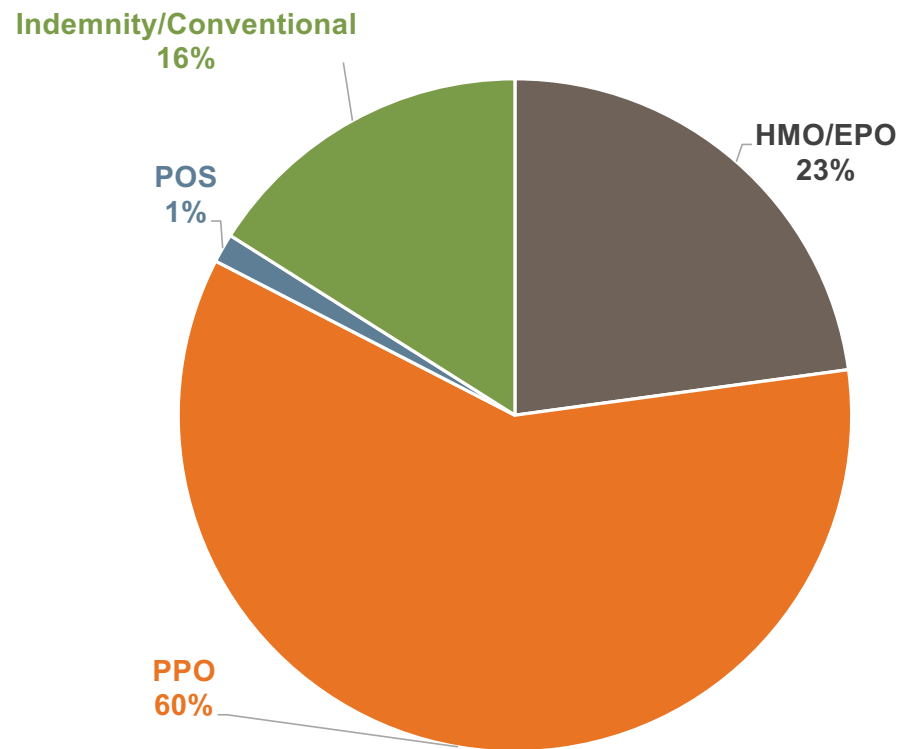
Findings

- Twenty-three percent of small Rhode Island firms offer health benefits through SHOP in 2020, compared with eight percent using an association health plan, and two percent using a PEO.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Offering Various Plan Types, 2020

Distribution of plan types offered, or if more than one type is offered, the plan with the largest enrollment



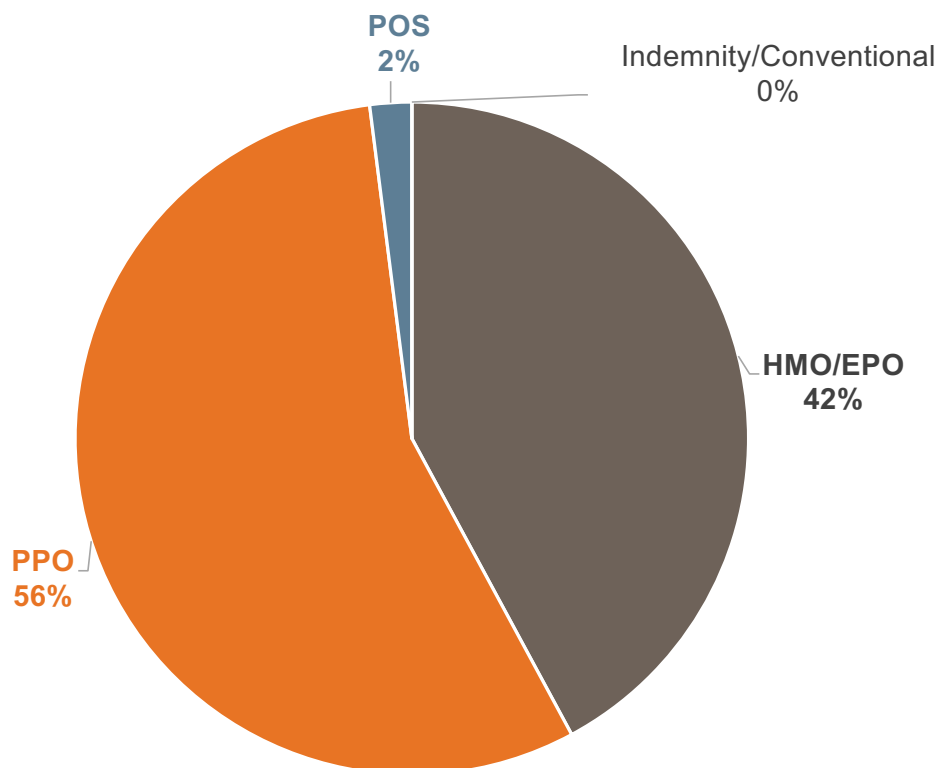
Findings

- PPOs are the most common plan type offered (60%), among firms offering only one plan, as well as firms offering more than one plan type.
- Twenty-three percent of small firms offer an HMO.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Among Firms Offering More than One Health Plan Type, Plan with Largest Enrollment, 2020

Among small firms offering more than one plan type, the plan type with the largest enrollment



Findings

- Among firms offering more than one plan type, PPOs also are the most likely to be the plan type with the largest enrollment at 56%.
- HMOs are the next most common plan type offered, at 42%.

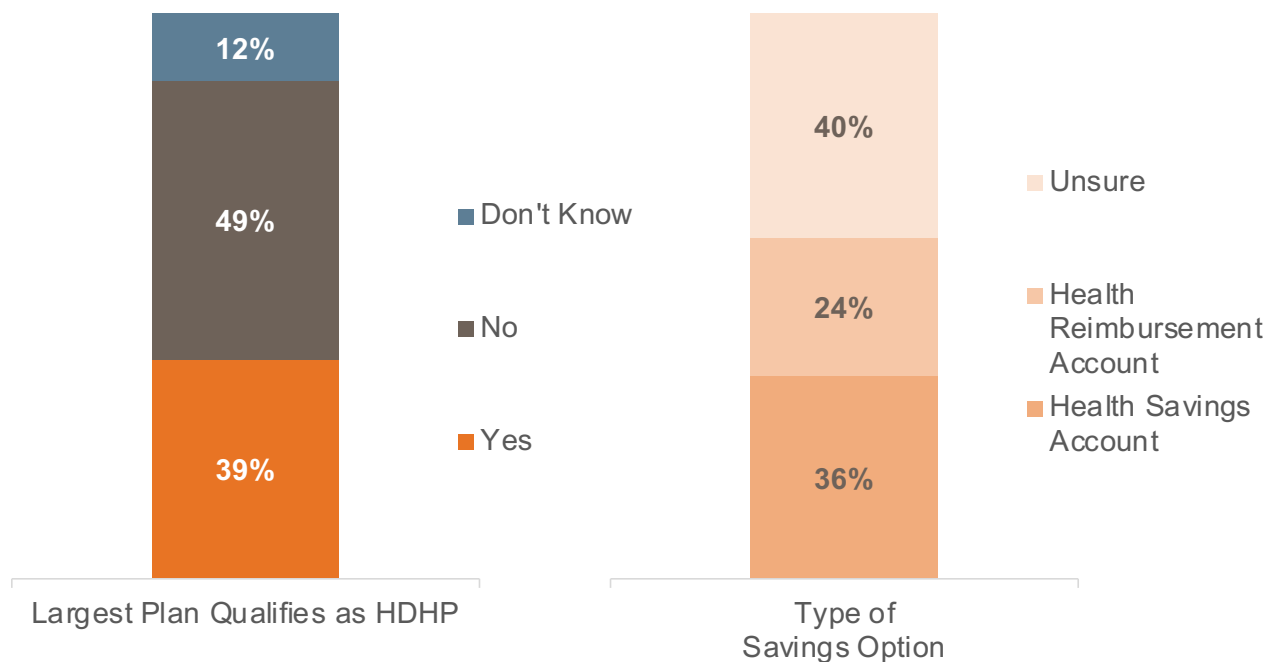
Source: Rhode Island Foundation/NORC 2020 Survey of Small Employer in Rhode Island.

Percentage of Firms Offering A High Deductible Plan with a Savings Option, 2020

Percentage of small firms whose largest (or only) plan is also a HDHP with a savings option, such as a health savings account or a health reimbursement arrangement.

Findings

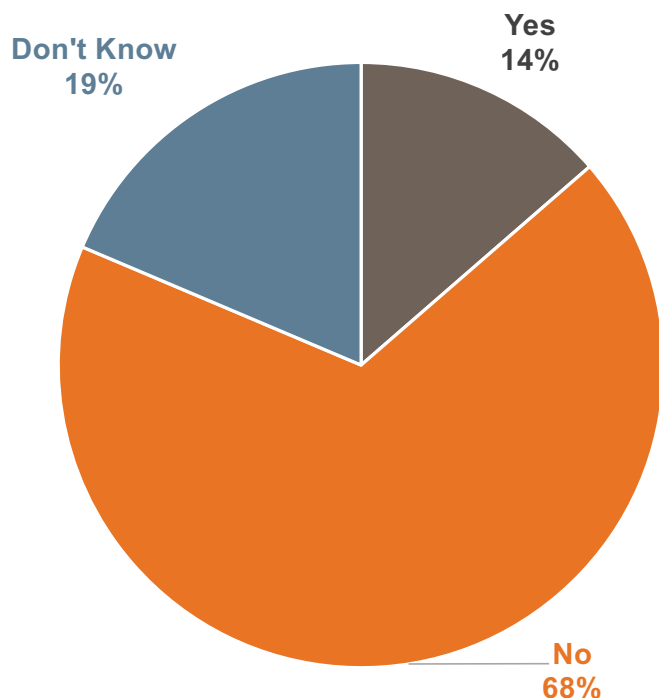
- Thirty-nine percent of small firms report that their largest, or only, plan is also a high deductible plan with a savings option such as a health savings account or a health reimbursement arrangement.



Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms with Incentive to Select Lower Cost Plan, 2020

Percentage of small firms offering incentive to enroll in lower cost plans, when more than one plan offered



An employee can save **\$168** per month, on average, by choosing the lowest cost plan available for **single coverage**

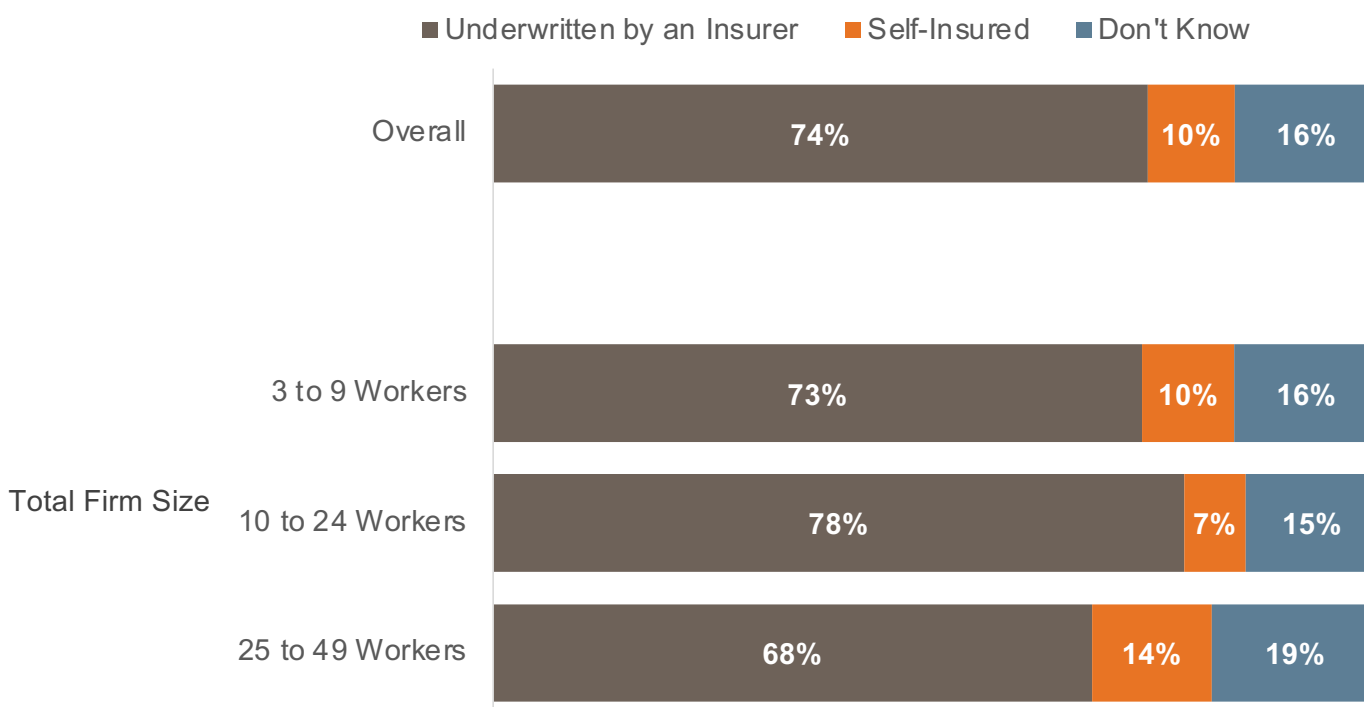
Findings

- More than 2/3 of small firms do not offer a financial incentive for workers to select a lower cost plan.
- If they do offer an incentive, workers can save an average of \$168 per month by choosing the lowest cost plan available to them.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Where Plan with Largest Enrollment is Self-Insured, by Firm Size, 2020

Percentage of small firms where largest plan is self-insured, by total firm size



Findings

- Seventy-four percent of small firms report that their plan with the largest enrollment is underwritten by an insurer, with little variation by firm size.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Average Annual Deductibles, by Firm Size, 2020

Among plans with a deductible, average annual deductible for single coverage, by total firm size



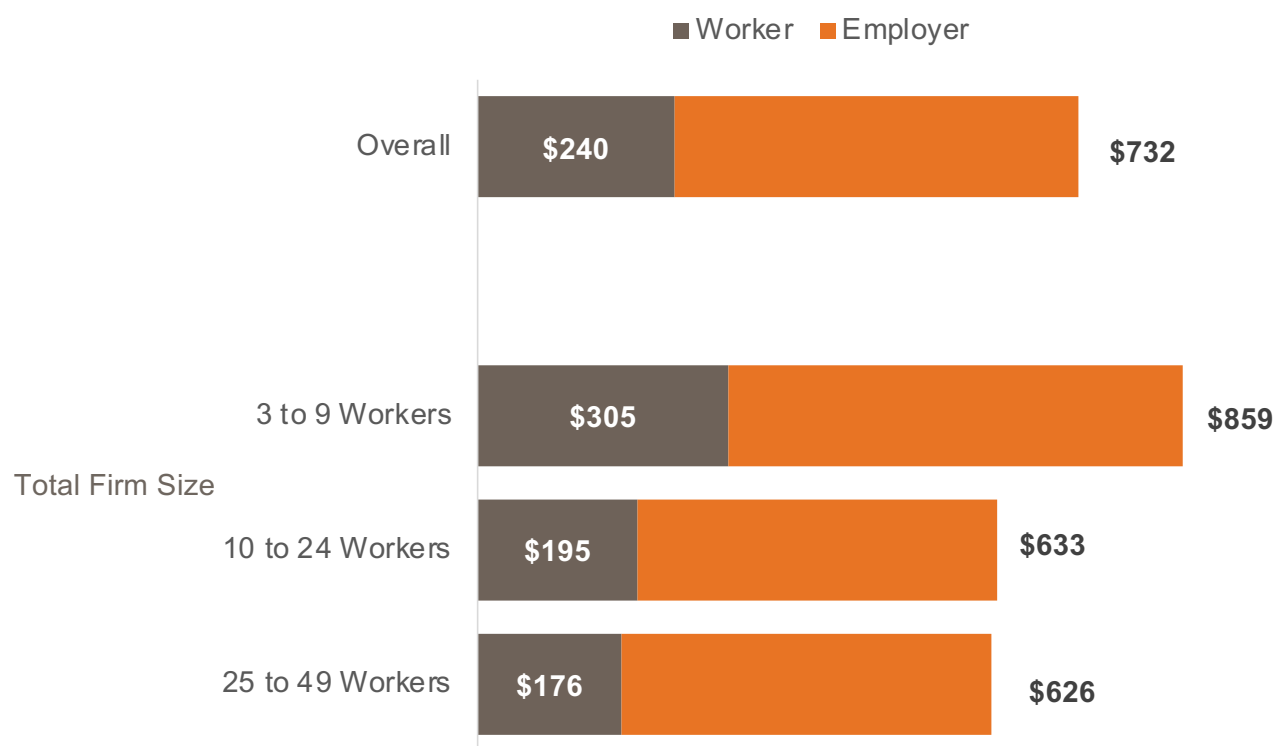
Findings

- The average deductible among firms whose plan has a deductible is \$1,867.
- Average deductibles increased by firm size.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Monthly Worker Contributions to Premiums for Single Coverage, by Firm Size, 2020

Average monthly premium and worker contribution for single coverage, by total firm size



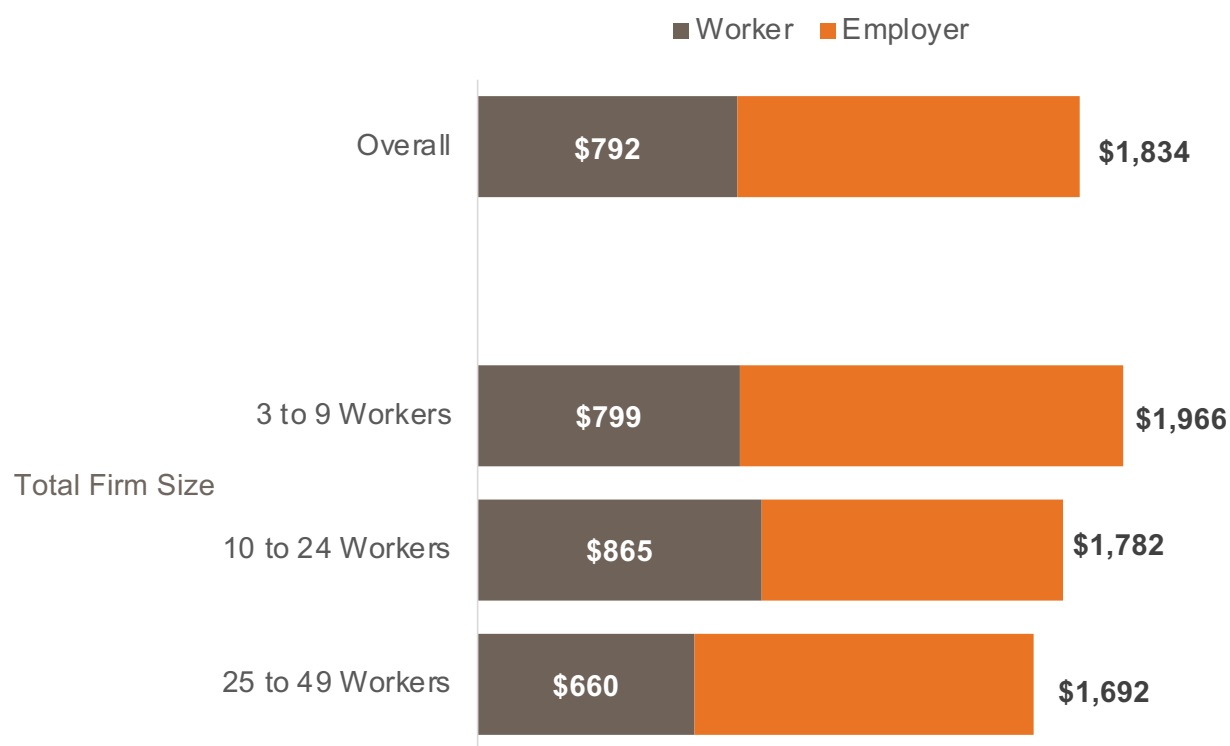
Findings

- The average monthly premium for single coverage is \$732.
- Premiums are higher for the smallest firms with 3-9 workers, at \$859 per month.
- Employees pay on average \$240 per month for their coverage.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Monthly Worker Contributions to Premiums for Family Coverage, by Firm Size, 2020

Average monthly premium and worker contribution for family coverage, by total firm size



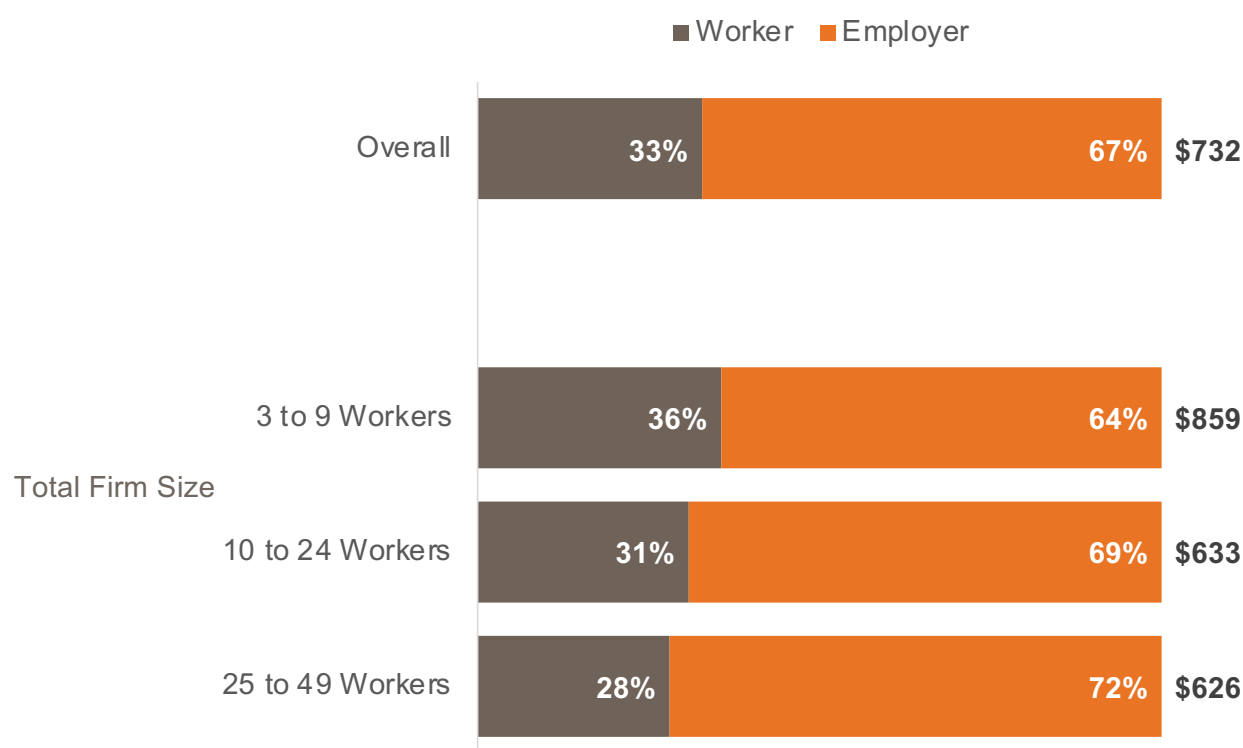
Findings

- The average monthly premium for family coverage is \$1,834.
- The smallest firms also have the highest premiums for family coverage.
- Employees pay on average \$792 per month for their family coverage.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage Worker Contributions to Premiums for Single Coverage, by Firm Size, 2020

Proportion of average monthly premium and worker contribution for single coverage, by total firm size



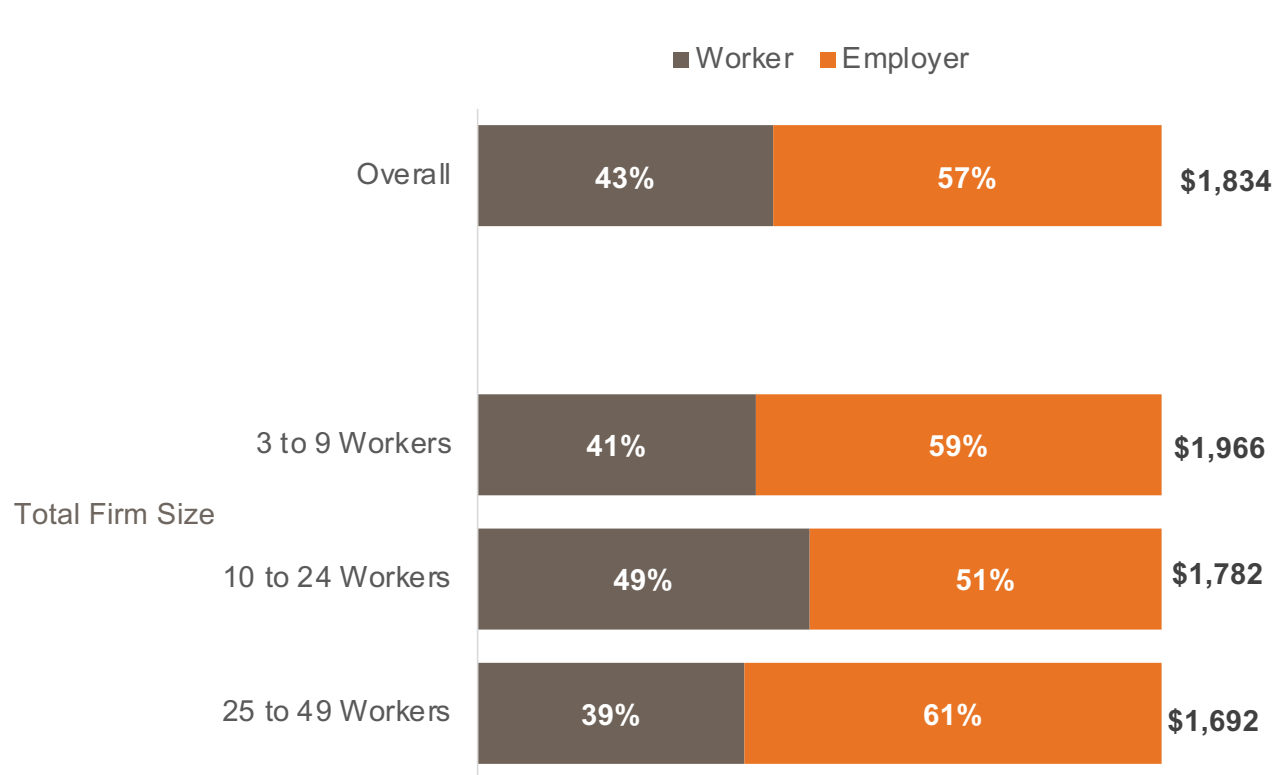
Findings

- Workers in small firms pay 33% of the total single coverage premium on average, with those in the smallest firms paying a larger share.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage Worker Contributions to Premiums for Family Coverage, by Firm Size, 2020

Proportion of average monthly premium and worker contribution for family coverage, by total firm size



Findings

- Workers in small firms pay on average 43% of the total family coverage premium on average.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Making Various Changes to Health Benefits, 2020

Percentage of small firms that either made the following change in past year or plan to make the following changes in the upcoming year

Type of Change	Change Made in the Last Year	Plan to Make Change in the Next Year
Increase amount that employees have to pay for premiums	16%	15%
Increase amount that employees have to pay for deductibles	19%	12%
Increase amount that employees have to pay for services other than prescription drugs (e.g. office visits, diagnostic tests, outpatient or inpatient surgery)	12%	7%
Increase amount that employees have to pay for prescription drugs	9%	6%
None of the above	67%	76%

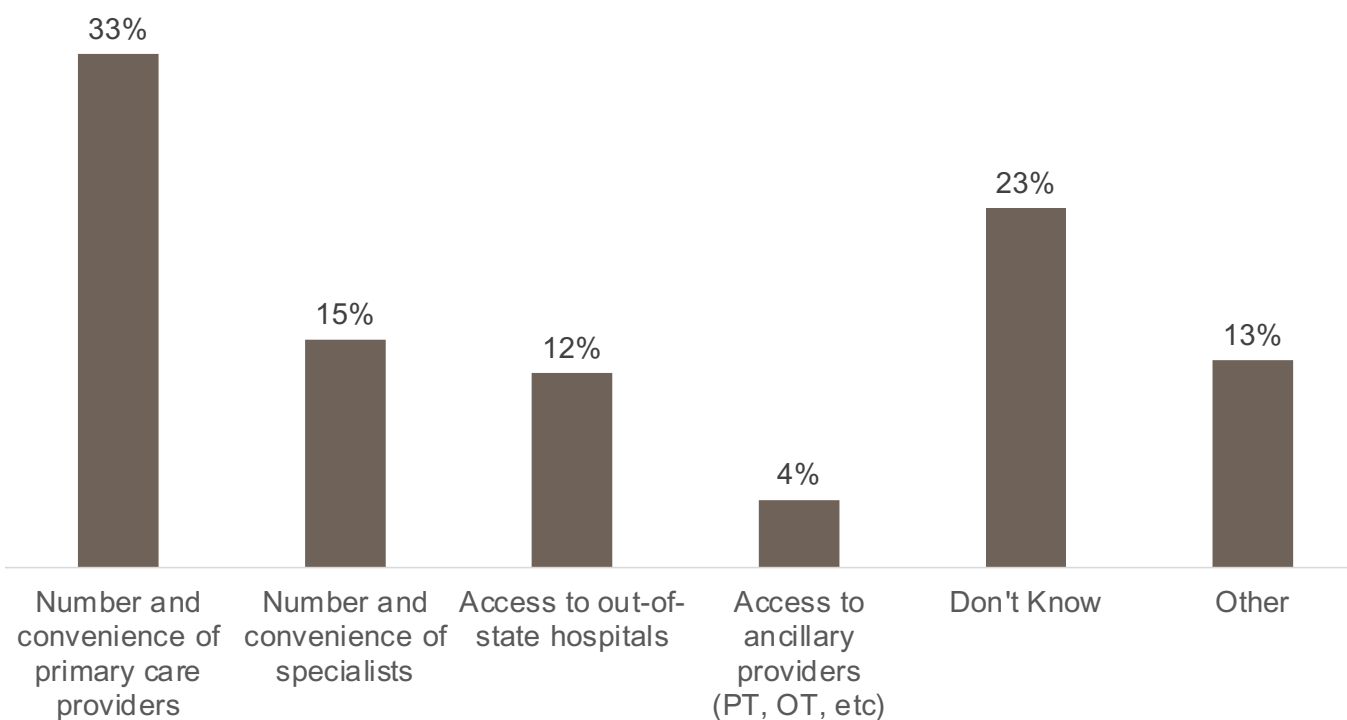
Findings

- Nineteen percent of small firms report they increased deductibles for employees in the past year, while 16% increased premium contributions.
- Even fewer small firms plan to make any of the changes to their health benefits in the upcoming year.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Citing Various Factors for Assessing Provider Networks, 2020

Percentage of small firms that selected the following as the most important factor when assessing provider networks



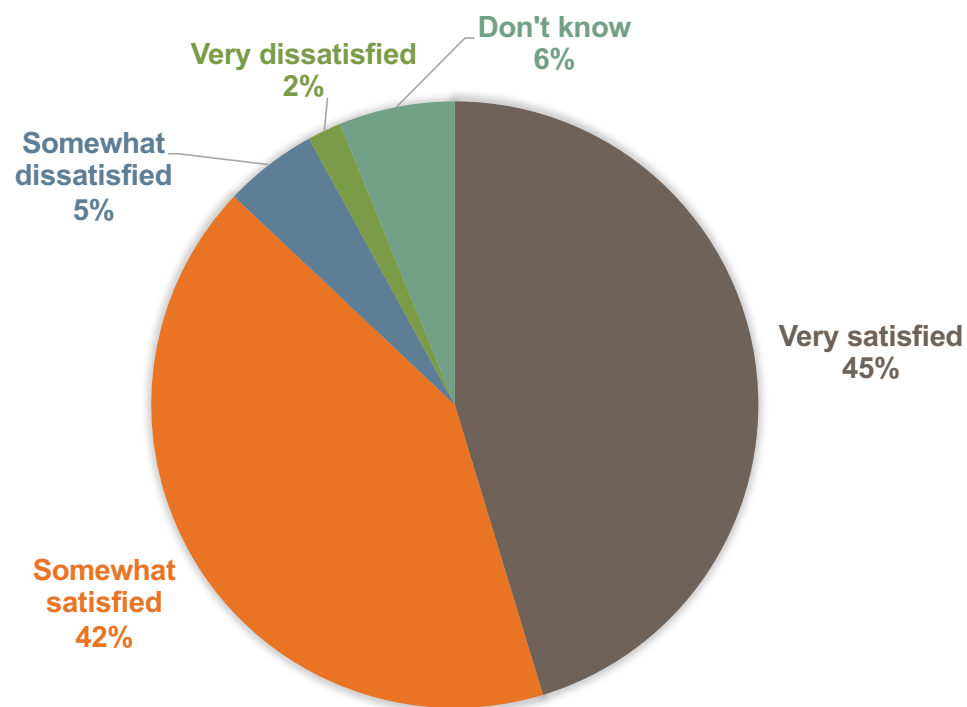
Findings

- The number and convenience of primary care provider is most often cited by small firms as the most important factor in assessing provider networks, followed by the number and convenience of specialists.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Satisfied with Provider Networks, 2020

Level of satisfaction with provider networks



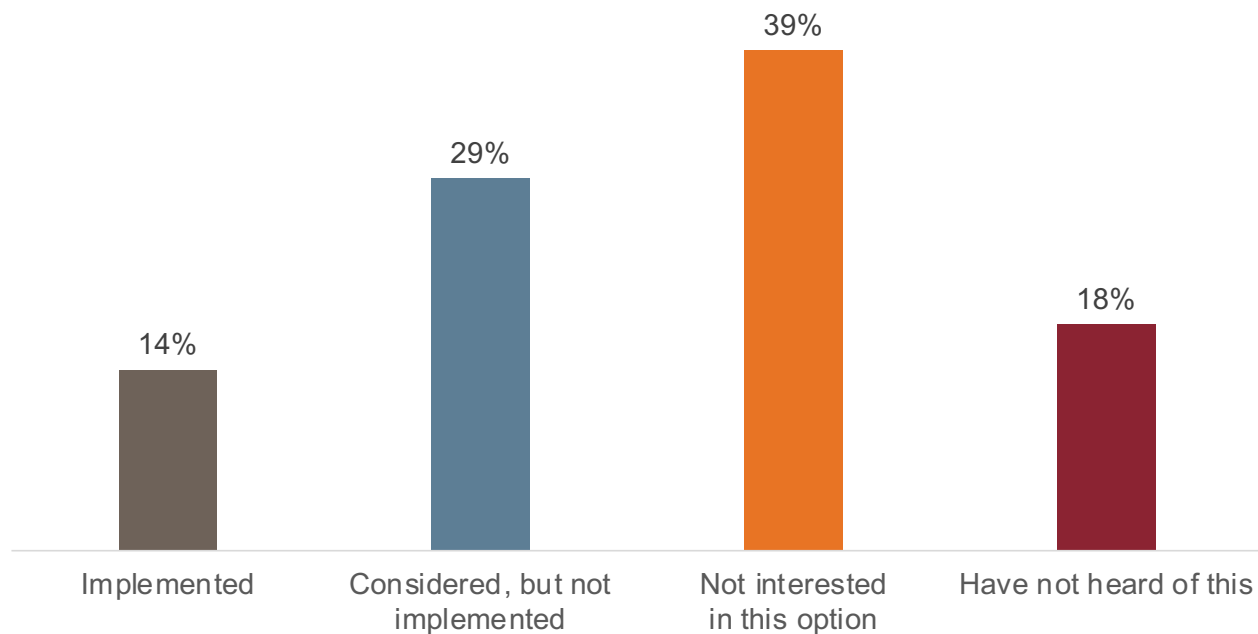
Findings

- Forty-five percent of small firms are very satisfied with their provider networks, while another 42% are somewhat satisfied.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Interested in a Limited/Tiered Network, 2020

Small firms that have implemented or considered implementing a limited/tiered network plan



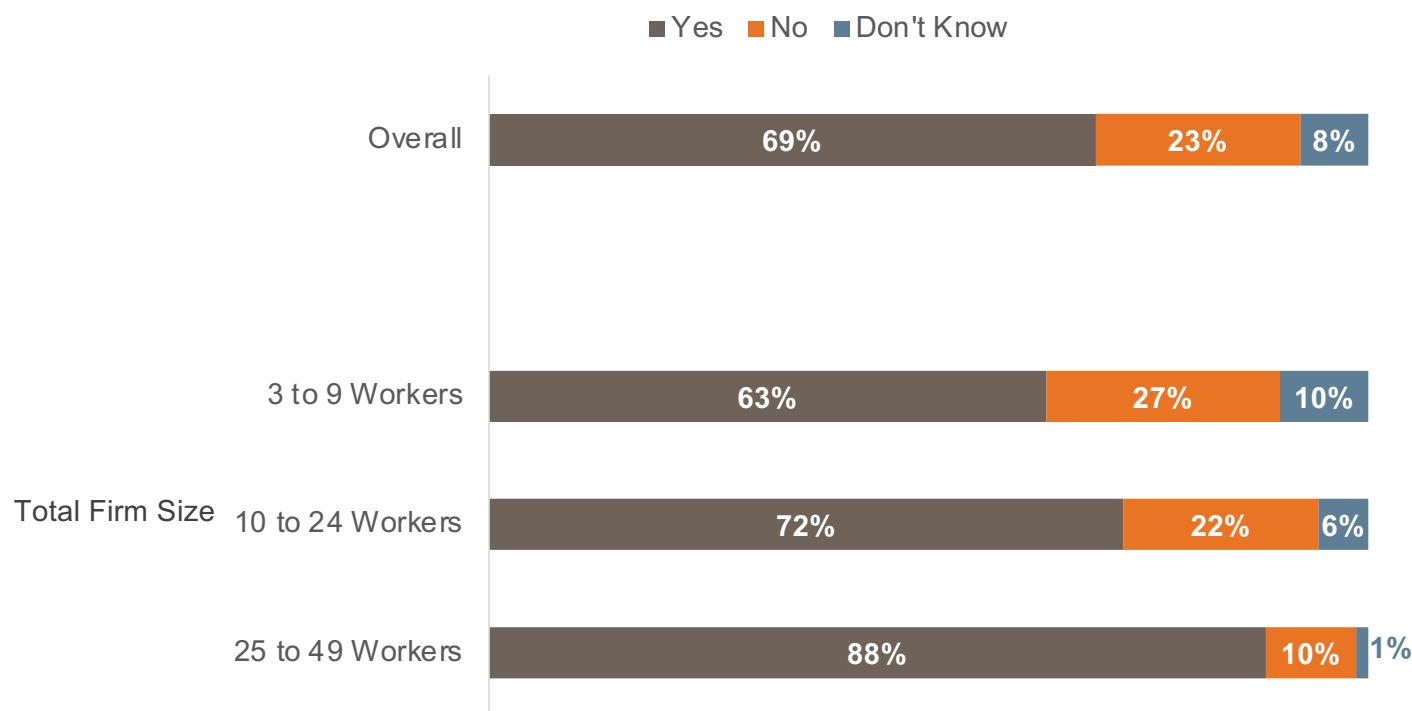
Findings

- Fourteen percent of small firms have implemented a limited or tiered network plan, and another 29% have considered doing so.
- Thirty-nine percent are not interested in such an option.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Using Broker/Consultant, by Firm Size, 2020

Percentage of small firms using broker or consultant by total firm size



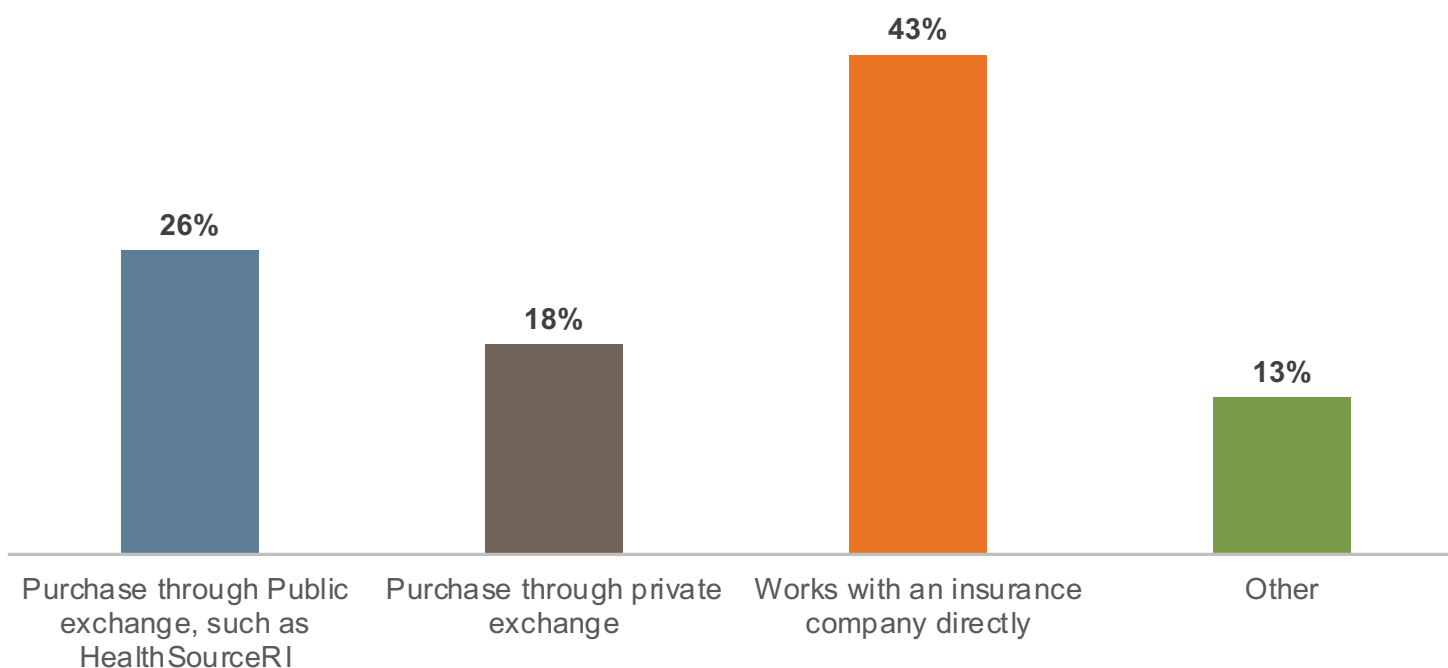
Findings

- Sixty-nine percent of small firms use a broker or consultant for purchasing health benefits.
- The incidence of broker/consultant use increases with firm size.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Purchasing Health Insurance through Various Methods, 2020

Percentage of small firms that primarily purchase health insurance through the following method



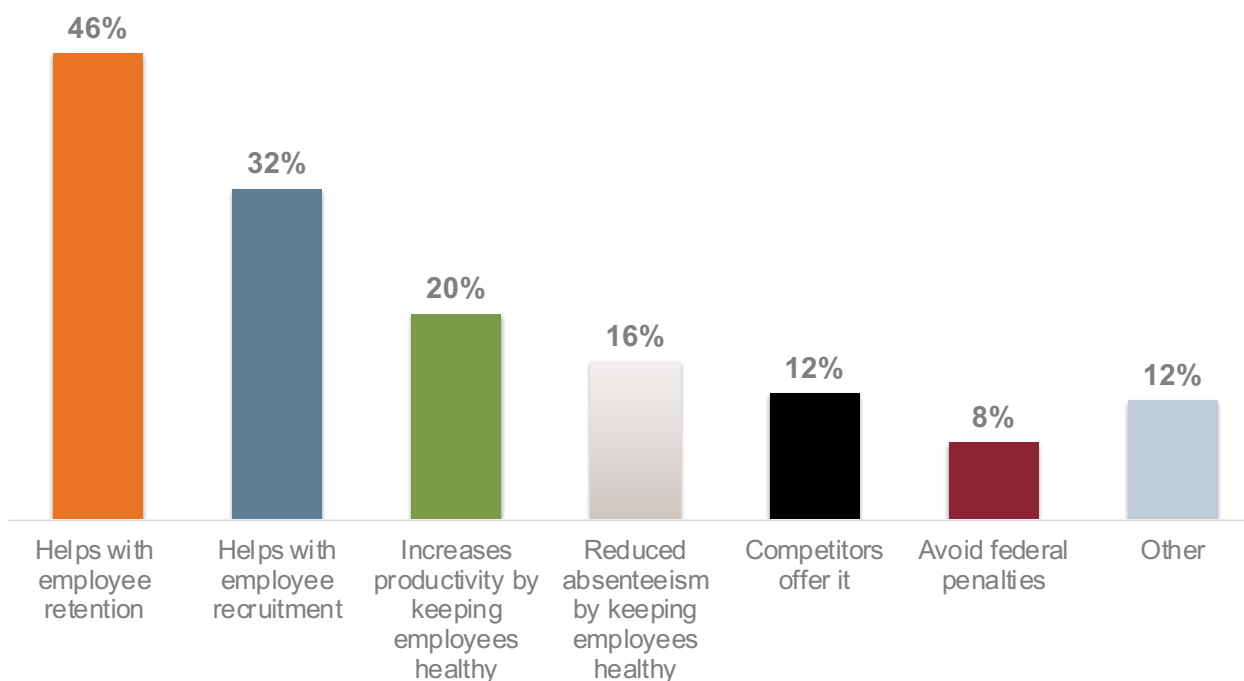
Findings

- Forty-three percent of small firms primary purchase their health insurance by working directly with an insurance company, versus 26% who primarily purchase through an exchange, such as HealthSource RI.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Reasons for Offering Health Insurance, 2020

Percentage of small firms selecting the following as important reasons for offering health insurance



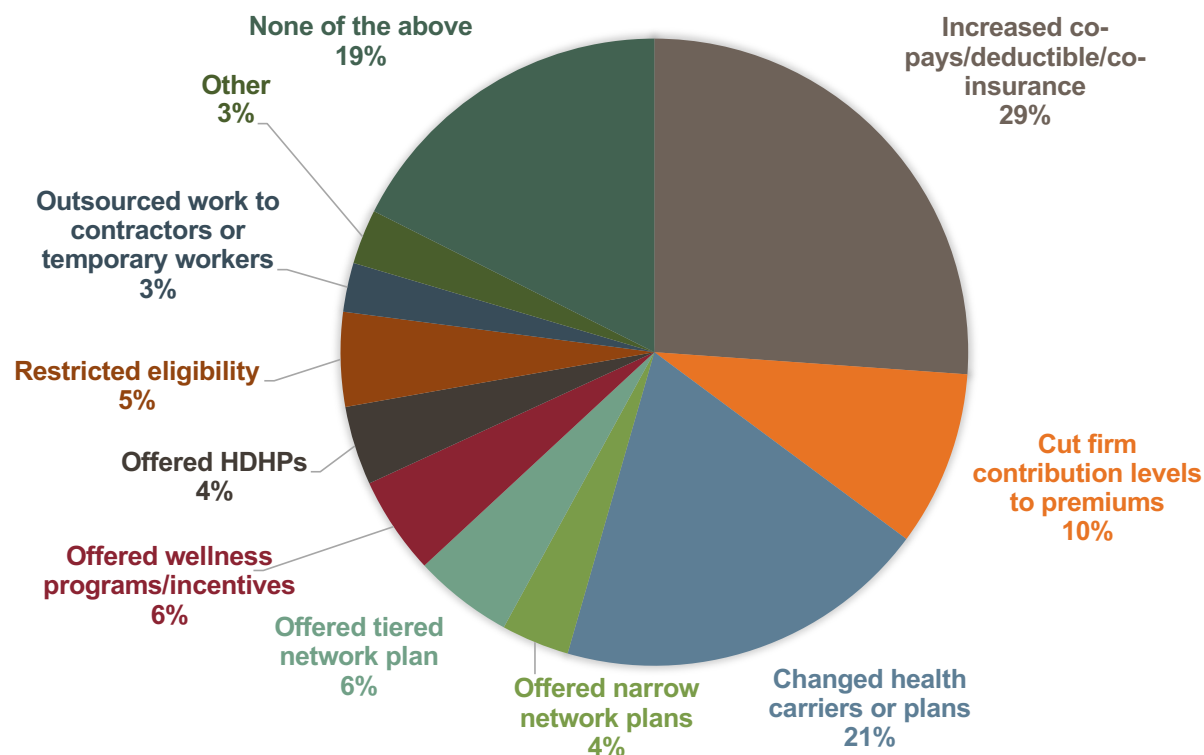
Findings

- Thirty-two percent of small firms report that “helps with employee recruitment” is an important reason for offering insurance, followed by “increases productivity” at 20%.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Firms Citing Various Strategies as Effective in Controlling Health Insurance Costs, 2020

Percentage of small firms that selected the following strategies as most effective to control costs (select all that apply)

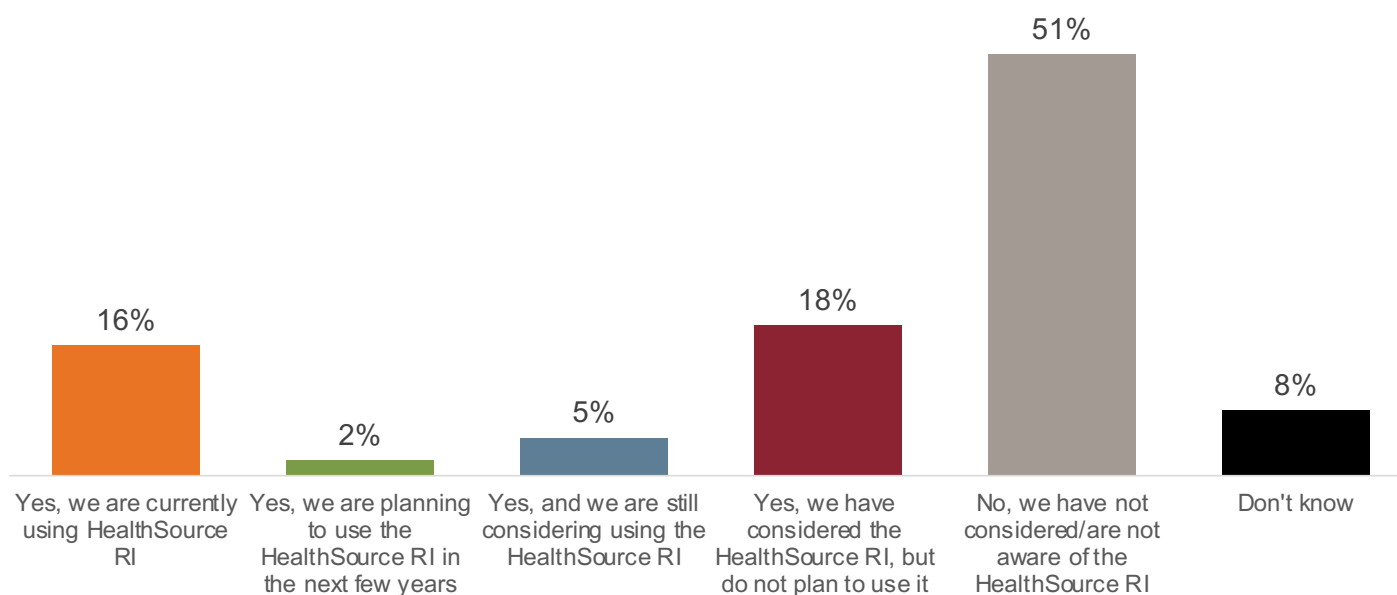


Findings

- Twenty-nine percent of small firms report that increasing cost sharing is the most effective approach to controlling health insurance cost, followed by changing carriers or health plans, at 21%.
- Nineteen percent of firms selected “none of the above” to be effective.

Percentage of Firms Using HealthSource RI, 2020

Percentage of small firms using, considering, or not planning to use HealthSource RI



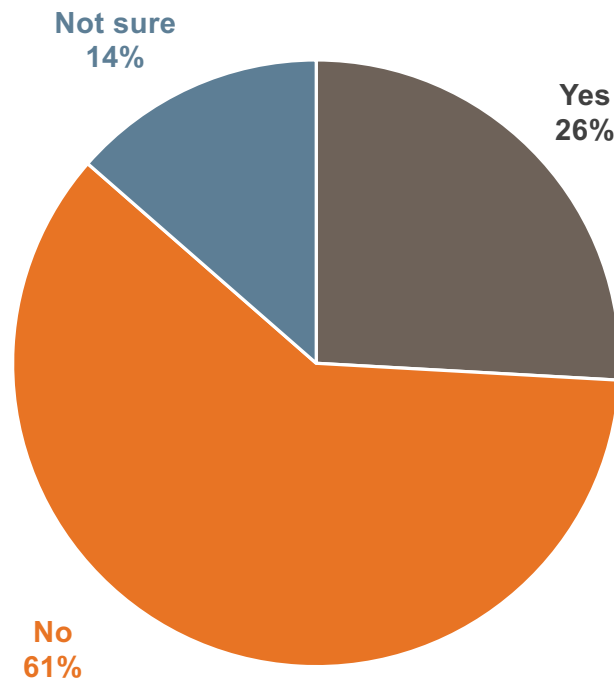
Findings

- Fifty-one percent of small firms have not considered or are not aware of HealthSource RI, while 16% are currently using it.
- An additional seven percent are either planning to or considering using it in the next few years.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Aware of Small Business Tax Credit, 2020

Percentage of small firms aware of small business tax credit and “full choice” option through HealthSource RI



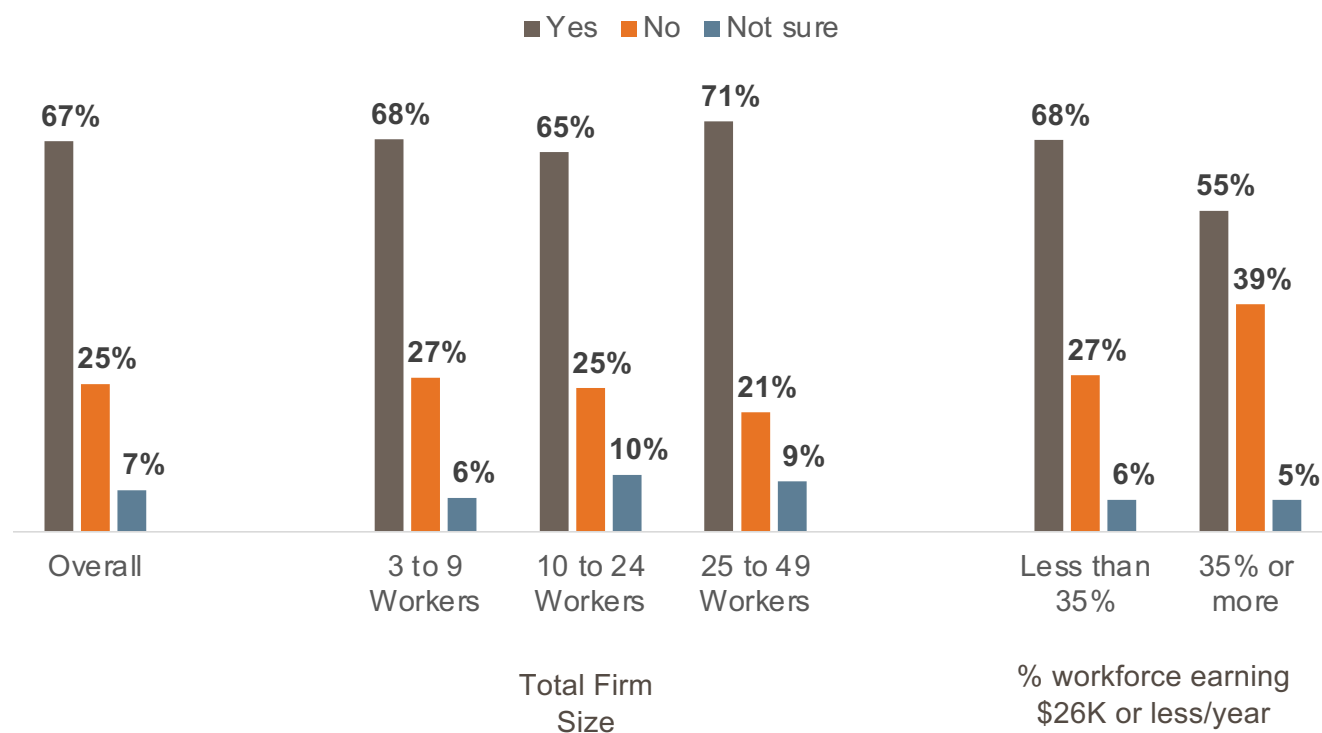
Findings

- Only 26% of small firms are aware of the small business tax credit and the “full choice” option available through HealthSource RI.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Aware of RI Coverage Mandate, by Firm Characteristics, 2020

Percentage of small firms aware of RI mandate to have coverage, by total firm size and share lower wage



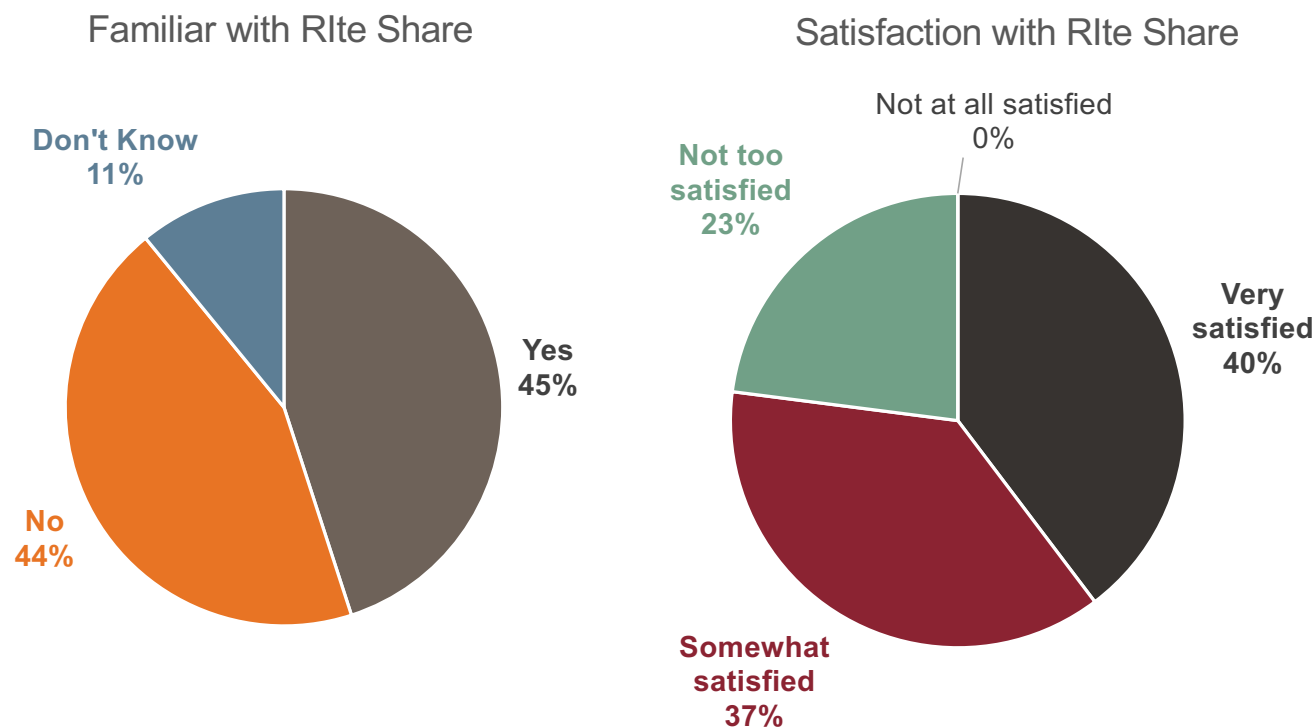
Findings

- Two-thirds of small firms are aware of the mandate to have insurance coverage, versus 25% who say it is not a requirement.
- Familiarity with the law is similar by firm size, and somewhat lower among firms with many lower wage workers.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Percentage of Firms Familiar with and Satisfied with Rlte Share, 2020

Percentage of small firms familiar with and/or satisfied with Rlte Share, respectively



Findings

- Forty-five percent of small firms are familiar with the Rlte Share program.
- Among those firms familiar with it, 40% report they are very satisfied with it, and 37% state they are somewhat satisfied.

Source: Rhode Island Foundation/NORC 2020 Survey of Small Employers in Rhode Island.

Thank You!



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